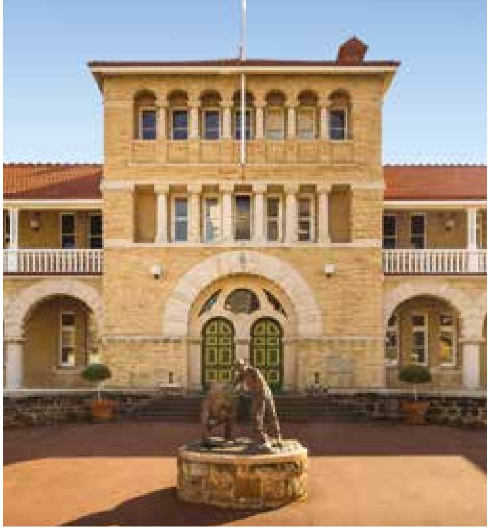

Gold Corporation

Annual Report 2017–2018

THE PERTH MINT
AUSTRALIA

Contents


THE PERTH MINT AUSTRALIA
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2012-036346

13 September 2018

The Honourable Mark McGowan MLA BA, LLB, GradDipLegPrac
Premier; Minister for Public Sector Management;
State Development, Jobs and Trade; Federal-State Relations
1 Parliament House
WEST PERTH WA 6005

Statement of Compliance

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of Gold Corporation for the year ended 30 June 2018.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

D MACKAY-COGHILL
Chairman

R G HAYES
Executive Director

The Year in Brief

$18.85B
ANNUAL TURNOVER

$10.05M
ANNUAL PROFIT BEFORE TAX

$16.16M
DIVIDEND AND TAX EQUIVALENT PAID TO THE GOVERNMENT OF WESTERN AUSTRALIA

$10.32M
CAPITAL EXPENDITURE SPEND

$2.97B
OF CLIENT METAL ON DEPOSIT

74,000
VISITORS TO THE PERTH MINT EXHIBITION

5TH
LARGEST EXPORTER OUT OF WESTERN AUSTRALIA

50%
OF EXECUTIVES REPORTING TO THE CEO ARE WOMEN

41%
OF OUR EMPLOYEES HAVE CULTURALLY DIVERSE BACKGROUNDS

82%
OF GOLD REFINED WAS SUPPLIED AS VALUE-ADDED BARS, WITH A GROSS VALUE OF $14.01 BILLION

90%
(6.96 MILLION OUNCES) OF GOLD PRODUCED IN AUSTRALIA AS DORÉ WAS REFINED. TOTAL REFINING THROUGHPUT WAS 25.43 MILLION OUNCES OF GOLD AND SILVER DORÉ

7.92M
COINS, MEDALLIONS AND MINTED BARS WERE SOLD, VALUED AT $838 MILLION

Our Strategic Intent

Gold Corporation's intent is to be a global leader in the precious metals industry, achieved by:

- Leading growth initiatives within key markets in precious metals trading and distribution.
- Playing a key role in the development of key customer relationships both domestically and internationally.
- Operating always within agreed envelopes of appropriate risk and risk management.

Our Vision

To create and deliver outstanding value to all our stakeholders in a safe, environmentally sound and commercially fair manner.

Our Values

Our values form the basis of how we act towards each other and how we do business with our customers and suppliers.

Value	Theme	Behaviour
Excellence	Safety	We place the safety of our people and our environment at the heart of everything we do. No job is so important that it cannot be done safely.
	Customer Focus	Our customers and their needs are our priority.
	Productive and Cost Conscious	We are productive in our working practices and cost effective in our choices.
	Accountable	We define and accept responsibility for our own actions and outcomes. We are accountable for the delivery of our own objectives and hold others accountable for theirs.
Ethics	Integrity	We are honest in our words and actions. We do what we say we will do. We are fair in our dealings with others.
Equity	Respect	We treat each other with respect and dignity.

Our Charter

Gold Corporation is a unique, global enterprise operating across the precious metals value chain, including precious metals refining, manufacturing, investing and storage. Based in our original premises opened in 1899, and later expanded, we are also one of Western Australia's premier tourist destinations.

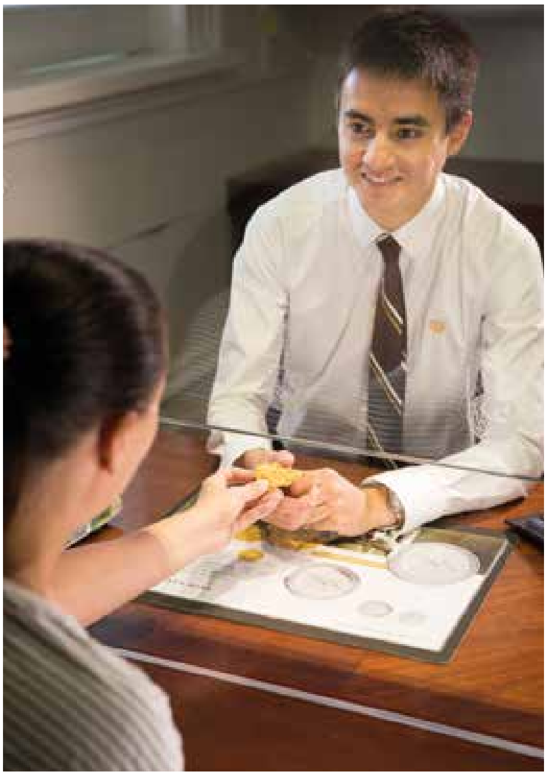
Our Charter is contained within the *Gold Corporation Act 1987*. With our intent to be a global leader in the precious metals industry, our Charter is our licence to operate across the precious metals value chain and to function as follows:

Promote

- To participate and engage in the precious metals industry in Australia and worldwide.
- To establish and promote Perth as an international bullion centre.
- To promote and develop markets for precious metals in Australia and worldwide.

Refine

- To crush, mill, recover, extract, process, smelt, sample, refine, assay and work precious metals.
- To maintain the Corporation's reputation, qualifications, skills and international accreditations.



Distribute

- To maximise value added and export income from precious metals.

Mint

- To mint and otherwise deal in coins, medallions and other precious metal products.

Store

- To provide storage and safekeeping facilities for precious metals.

Services

- To provide technical and consulting services.

Tourism

- To promote Perth as a destination.

Global Leadership in Precious Metals

The Corporation's profit before tax declined by $14.40m or 59% from $24.45m in the previous year to $10.05m in FY2018. Return on equity also declined to 7.9%; the lowest for nearly a decade. However, it is important that such a significant decline in bottom line performance is seen in context. A number of global macro-economic and geopolitical factors combined to cause a steady flight of capital from both physical and exchange traded gold funds into global stocks, bonds and property; a trend that is likely to continue for the foreseeable future. This resulted in declining precious metal prices with a concomitant impact on demand for investment products. It should also be noted that Gold Corporation's competitors have been similarly affected with some finding themselves in loss making situations.

All profit centres, with the exception of the Perth Mint Shop and Exhibition, performed below budget with the largest shortfall occurring in the Minted Products division which fell 52% below budget. The drop in Bullion Product sales accounted for approximately 45% ($6.7m) of the total fall in pre-tax profits. Treasury and Perth Mint Depository also fell significantly below budget expectations by 43% and 35% respectively. Squeezed margins in an increasingly competitive marketplace largely accounted for a shortfall of 12% in the Refinery result, whilst the Shop and Exhibition exceeded budget by a creditable 5%.

As profitability declined, the organisation moved quickly to cut costs aggressively, the major impact of which will only manifest itself in the 2018/19 financial year. Containment of costs remains a top priority for both management and the Board.

The Refinery, which underwent a change of leadership during the year, managed to retain volumes in the face of stiff competition, mainly from overseas. Importantly, it maintained its accreditation with the five major global precious metals market associations and exchanges; an affiliation achieved by only a handful of refiners worldwide. The Board has approved capital expenditure to expand the Refinery's current silver refining capacity from 672 tonnes to 1250 tonnes per annum to accommodate an expected significant increase in throughput. In addition, the Board has approved capital expenditure to expand the Refinery's electrolytic gold refining capacity from the current 340 tonnes to 1050 tonnes per annum in anticipation of demand when the gold market reverses its downward slide. The new, state-of-the-art assay precinct is now fully operational and is a world class facility.

Treasury has taken advantage of the current downturn in precious metal markets to increase substantially its range of products and services. These are expected to be introduced during the course of the 2018/19 financial year and will play a major part in Gold Corporation's quest to become a global leader in precious metals refining, manufacturing, trading and marketing.

The building blocks that are being put in place are both substantial and impressive and will pay handsome dividends when the current economic cycle has run its course and preservation of capital, rather than growth, becomes the order of the day.

Treasury has continued to work hard to expand its distribution channels for cast bars with the main thrust being into Asia and China in particular. Because of its unique ability to carry substantial stocks of 9999s kilo bars it is well placed to take advantage of any upturn in investment demand ahead of its competitors.

As mentioned earlier, Minted Products bore the major brunt of the decline in investment demand for gold and silver. This is typical of the highly cyclical nature of bullion coin markets. Having experienced bumper sales for a number of years, the market had become over supplied and with the decline in investment demand, coins began flooding back on to the secondary market. Notwithstanding this, Gold Corporation's 1oz 99.99% silver kangaroo coin, launched in September 2015, still managed to achieve global sales of 4.6 million compared with a little over 5 million the previous year. Given the current state of the market, the Corporation will be hard-pressed to prevent a further slide in volumes in 2018/19.

Demand for numismatic coins held up early in the new financial year but began falling towards the end of 2017 and continued this trend for the rest of the year. This, in turn, impacted on the demand for precious metal coins globally as a result of which sales of coin blanks to other mints fell by 66% over the year.

$10.05M

ANNUAL PROFIT BEFORE TAX

The new state-of-the-art silver coin blanking facility, commissioned in September 2015, has continued to perform beyond its original specifications...

$18.85B

ANNUAL TURNOVER

The new state-of-the-art silver coin blanking facility, commissioned in September 2015, has continued to perform beyond its original specifications, leaving the Corporation in an excellent position to take full advantage of the next upturn in both coin blank and finished coin demand.

Against the backdrop of declining investment demand, it is pleasing to note the value of precious metals held in the Perth Mint Depository remained steady over the course of the year; a slight reduction in volumes of both gold and silver being offset by increases in the Australian dollar value of both metals. Even more pleasing was the growth in client numbers in both the Depository Online (DOL) and offline (Perth Mint Depository or PMD). Whereas PMD numbers increased only marginally from 20,417 to 20,682, DOL client numbers grew by 51% from 8,410 to 12,711. Total Depository clients totalled 33,393 at 30 June, 2018.

The Perth Mint Shop and Exhibition has been reinvigorated over the last six months with the appointment of a retail specialist to oversee the whole operation. Already the transformation is having an impact on the manner in which the business is being run with changes being implemented across the board. It will take two to three years for the full impact of these changes to manifest themselves on the bottom line but the initial results are encouraging.

From very humble beginnings in 1987 Gold Corporation is now Western Australia's fifth largest exporter and is in the top ten nationally. With a client base over all its businesses in excess of 100,000 spread across 130 countries and with global turnover of approximately $18.85 billion, the Corporation can now truly claim to be a global leader in precious metals. The many successes it has achieved over the years would not have been possible without the dedication and loyalty of its many agents, banks and other counterparties which distribute and promote its vast array of products and services and thus I would like to extend my sincere thanks to all of them for their continuing efforts on our behalf.

The Corporation's business has grown significantly since its inception with the introduction of the *Gold Corporation Act of 1987*. The vertically integrated nature of its present day operations has facilitated the development of an ever increasing line of innovative products and services to meet the needs of a modern, diverse and sophisticated client base. The introduction of sophisticated and diverse e-commerce platforms has fostered a culture of innovation within the Corporation, enabling new demographics of customers to be reached with an ever increasing array of tailored offerings.

Substantial investments have been made and will continue to be made to increase capacity, productivity and quality whilst maintaining a strong focus on occupational health and safety and environmental compliance. These investments, all funded from internal resources, have and will ensure that the Corporation is properly positioned to meet the markets of the future.

The case for precious metals remains compelling, notwithstanding current trading conditions. Unresolved massive sovereign debt issues, continuing global fiscal stimulus adding further to debt and geopolitical uncertainty remain positive factors for gold and silver as an alternate, safe haven investment asset class. The outlook for 2018/19 is similar to this past year and is thus expected to produce a result not dissimilar to 2017/18.

I would like to thank the Minister responsible for Gold Corporation and The Perth Mint, the Honourable Mark McGowan, Premier, for his strong support and interest he has shown throughout the past year. I would also like to extend a special word of thanks to my fellow Board members whose dedication and enthusiasm has made my task as Chairman a pleasure.

Finally, I would like to acknowledge the efforts and achievements of management and staff from the CEO down to the shop floor over the past twelve months. It has taken a supreme effort on their part to have accomplished what they have achieved in a very challenging environment. Their enthusiasm is infectious and bodes well for the future of the organisation.

Donald Mackay-Coghill
Chairman

Creating Markets for Australian Precious Metals in Challenging Times

Having operated in precious metals markets for more than 20 years, I am only too aware that conditions experienced over the past 12 months have been extremely challenging for the Corporation. It was evident in the 2016/17 year that the demand for bullion coins, especially in silver, was cooling. This process intensified in the 2017/18 year, resulting in the poorest market conditions I have seen during my time in this industry. Not only did the demand for bullion coins collapse, demand for other precious metals products declined as well, affecting other areas of our business.

The Corporation, which operates in many of its markets as The Perth Mint, posted a profit of $10.05 million for the year compared with $24.45 million the previous year. By far the largest shortfalls against expectations were attributable to poor sales of bullion coins. Other product lines came in below forecasts but by far smaller margins. The result, whilst extremely disappointing, is still healthy by historical standards, and was the ninth largest profit on record. With the profit achieved against the backdrop of poor global market conditions, we more than held our own and actually grew our presence in a number of sectors, outperforming stiff competition from overseas entities.

Rather than simply wait out the storm and hope for better times, we have used the year to review our place in the precious metals value chain and revisit our strategies to capitalise on that position. Additionally, we have consolidated further gains from the restructuring we have undertaken over the past few years.

The restructuring was designed to take advantage of the vertically integrated nature of our operations, true advantage of which had not been harnessed previously. Our place in the precious metals value chain was identified and analysed in detail with the aim of leveraging it to support further the needs of our diverse and geographically disparate client base. By reaching both back up and further down into the value chain in a targeted effort to better support the needs of the industry, more value added activities have been progressively introduced into our already wide range of products and services. Everything we do is designed to create demand and find new markets for Australian precious metals, both locally and overseas, and to support the activities of the Australasian gold mining industry.

I noted in my previous report that for some years we had assumed a lower and more subdued profile in many of the markets in which we operate. Following the adoption of a new corporate strategic intent in 2015/16, resources have continued to be allocated to rebuild and strengthen our profile across the wider industry. The establishment of a dedicated group-wide marketing function has led to the revitalisation of our brand and brand identity, along with a more disciplined and focused approach to marketing campaigns for specific products and target market sectors.

I am pleased to report that these initiatives are continuing to bear fruit and we now have a much stronger presence and better brand recognition in many of our markets, especially those overseas.

Many of our sales and marketing initiatives are heavily dependent on the upgrade and improvement of the various software platforms we operate. Progress, whilst not as rapid as I would have liked, continues to be made in this regard. The focus remains heavily client-centric, with the aim of providing a better integrated and more cohesive suite of service offerings, thereby transforming the way we conduct our business and allowing further value adding activities.

The downturn in global demand presented us with opportunities to review our cost structures and production efficiencies. Detailed investigations have now been completed, resulting in the implementation, under new management, of improved manufacturing scheduling regimes. These have allowed cost reductions and shorter lead times without compromising quality or product integrity. A number of staff were, unfortunately, made redundant as a result of this process. Full severance obligations were met, including assistance with transitioning to alternative employment. I am pleased to report that most affected employees secured other work in fairly short order.

A focus on the contribution made by each and every one of our employees has continued to gather momentum.

The leadership role we assumed at the formation of the Gold Industry Group (GIG) has continued. The aim of this independent body is to promote the industry's valuable contribution to modern Australia through education, community initiatives and issue representation. From its beginnings with only a handful of member organisations, the GIG now has more than 40 members from across the gold industry including miners, mining service organisations and associated professional bodies. The GIG's initiatives will serve to strengthen our brand, reputation and global presence.

A focus on the contribution made by each and every one of our employees has continued to gather momentum. Our suite of values, summarised under the groupings of Ethics, Equity and Excellence is now well embedded in the wider psyche of the Corporation. A culture of accountability, achievement, teamwork and pride in the organisation has taken root with demonstrable results. A focus on training and development has continued and I am delighted in the way our employees, at all levels, have embraced these changes. Productivity has continued to rise and the results achieved over the past three years would not have been possible without the dedication, buy-in, creativity and professionalism of our team members.

Finally, I have made Occupational Health and Safety a flagship commitment of mine to the staff and to the Corporation. I firmly believe there is no job so important that it cannot be done safely. Every employee has the right to return home at the end of the day in the same condition as they arrived at work, with mental health being equally important as physical wellbeing. To this end we have undertaken significant restructuring in OHS over the past six months, resulting in improved employee engagement and safety practices.

The International Environment

It is now a little over 10 years since the advent of the global financial crisis, sparked by overinflated asset values on the back of the availability of cheap and easy credit. The resultant collapse in values across the more traditional asset classes of stocks, bonds and property caused a surge of interest in precious metals as a hedge against declining returns elsewhere.

Precious metals provided this safe haven and substantial capital flows were diverted away from the traditional investment asset classes. Following closely behind investors were the speculators who invested heavily in precious metals, mostly via the various global Exchange Traded Funds (ETFs). This resulted in sustained precious metals demand, pushing prices rapidly upwards, with gold peaking at USD 1,921.41 on 9 September 2011.

Initial green shoots of recovery began to emerge, albeit somewhat falteringly, during 2012 and 2013, indicating that a sense of normality might be returning to world markets. However no clear direction was established and markets stuttered along for a number of years.

By early 2016 global markets had begun to firm, with modest increases in global GDP growth becoming apparent. The election of Donald Trump in November 2016 on the back of his "Make America Great Again" campaign brought further optimism to the markets, at least in the US. Stock, bond and property values there rallied, pulling other western markets in their wake. Money has steadily flowed back into these more traditional asset classes, significantly dampening demand for physical gold. This trend has been most noticeable from early calendar 2017 and since then has gathered apace. The Trump tax cuts in late calendar 2017 exacerbated the situation, encouraging even greater flows of funds into the stock and bond markets. Most notably, global demand for bullion coins suffered significant reductions over this period, with some major competitor mints reporting the worst trading conditions for this product class in a decade. Market intelligence suggests we have fared somewhat better than others.

Despite continuing global instability – this is readily apparent in the Middle East, North Korea and Russia – and the threat of a looming trade war between the US and China, the markets for the yellow metal have remained subdued. The world has seemingly become very used to bad news and geopolitical instability. Sovereign and personal debt issues also remain largely unresolved while the anticipated inflationary effects of substantial quantitative easing (read money printing) in the US and Europe have yet to be sustained.

Gold and silver both traded higher throughout 2017/18 with the gold price peaking in January at USD 1,360. This subsequently gave way to a strengthening US dollar and other asset class strength, with gains being erased and both gold and silver ending the year where they began: gold and silver close to USD 1,250 and USD 16 respectively. The Australian dollar averaged 77.5c against the US dollar throughout 2017/18 and traded as high as 81c, supported by strong commodity prices. However, eventually the weight of three US interest rate hikes, a negative yield differential (for the first time in years) and geopolitical uncertainties took their toll on the Australian dollar, which finished the year lower in the mid 0.73c range. Worldwide reported gold ETF holdings increased by nearly 5% in the year, with growth coming from European funds as North American demand remained subdued.

All in all it was a difficult year for precious metals globally and we did very well to achieve the posted results.

Results Achieved

Our profit before tax, at $10.05 million, was significantly less than that achieved the previous year, but was still healthy by historical standards. We seem to have fared somewhat better than a number of our competitors, some of whom are now in loss making situations. Whilst little comfort should be taken from this, it does serve to illustrate the strength of our vertical integration and upstream/downstream opportunity focus.

Turnover was $18.85 billion compared with the previous year's $18.26 billion. When this is compared to the profit before tax results for both years, it reflects starkly the reality of tight market conditions with significantly reduced margin availability.

Payments to the Government of Western Australia during the financial year included income tax equivalent payments totalling $3.41 million and a dividend of $12.75 million, totalling $16.16 million. Significantly, the Corporation has paid $232 million to the State Government over the past 10 years. Seigniorage royalty payments to the Australian Federal Treasury, relating to the terms of the agreement under which Gold Corporation mints and issues Australian legal tender coins, was $3.82 million for the year.

Gold and Silver Refining

In 2017/2018 Australia was again the world's second largest producer of gold after China and mining analysts expect this situation to continue.

During the year, the Perth facility refined almost all of Australia's gold doré production as well as gold from the surrounding Oceania region. Recycled gold, mainly from Asia, was also refined. The facility is also a substantial refiner of silver doré, with the majority of refined silver being cast into value added products or sold as bullion coins.

The Refinery maintained its status in the top echelon of global refiners by volume and the facility enjoys an international reputation for excellence, quality, safety and efficiency. Accreditation was maintained on the world's five major precious metals exchanges, an achievement few other refiners can match.

During the year a new assay and analytical laboratory facility was commissioned which included investment in cutting edge instrumentation. This will ensure that we can maintain our high level of service to existing clients as well as allowing us to seek out new growth opportunities.

We continue to invest in other areas of the refining operation to ensure it has the capacity and flexibility to meet current and future client needs.

Competition, primarily from overseas refiners, remained high, resulting in significant downward pressure on revenue.

As noted in last year's report, alleged fraudulent activity was identified by the Australian Taxation Office some years ago. We are not, and have never been, involved in any of these transactions, and have continued to uphold the highest standards of governance and probity.

Cast Bar Production

The Refinery was again a major supplier of value-added gold cast bars to both China and the wider Asian region. Demand for small gold bars weakened over the period and excess gold was shipped to London in the form of 400oz Good Delivery bars when necessary.

Silver was also supplied into local and overseas markets in the form of value-added cast bars of various sizes, as well as 1,000oz silver Good Delivery bars.

Minted Products

We continue to be a major supplier of gold, silver and platinum coins, and minted bars, to collector and investor markets worldwide.

For the second consecutive year the demand for bullion coins decreased as investor interest returned to equities and other traditional forms of asset allocation. However even with the market contraction 7.92 million coins, minted bars and medallions were sold during the year compared with 9.08 million the previous year. This made 2017/18 volumes the third highest on record. We therefore added value to 11 tonnes of gold, 294 tonnes of silver and 293kg of platinum. Approximately 89% of the revenue earned from the sale of these products was derived from exports.

Notable bullion coin accomplishments during the year included the sell-out of the 2018 1oz Year of the Dog gold bullion coin (30,000 mintage) and the 2018 1oz Year of the Dog silver bullion coin (300,000 mintage). Successful bullion products developed during the year included the Swan, the Dragon and Phoenix, and the Emu coin ranges. These created interest for our bullion coins in a very poor market.

A highlight of the year was the release of the world's first pink diamond pave set coin. This unique coin was created from 10oz of 99.99% pure gold and 89 Argyle pink diamonds, which were pave set on 18 carat rose gold to form the shape of a Chinese Phoenix. With a mintage of just eight, a sell-out was achieved within a month of the launch, which generated significant interest from media and the public.

There was further innovation with the release of a coin in the shape of a figure eight. This product continues to sell well in all our markets. Other highlights included the Wedge-tailed Eagle, the Kangaroo gold and silver numismatic coin range and the Australian Lunar Dog series. We also completed the historically significant ANZAC Spirit 100th Anniversary Coin Series, which commemorated over five years the centenary of World War I.

As has been the case in previous years, licensed products were an important product category, both as a revenue stream and in attracting new collectors. The *Star Trek* series was again highly sought-after and a range of colourful *Looney Tunes* coins also proved popular.

A highlight of the year was the release of the world's first pink diamond pave set coin.

Another success was a series of Marvel superhero coins struck in silver bullion as a special project for an overseas customer.

The trend continued for coins showcasing other popular themes, innovative features, new finishes, stylish packaging and limited mintages. Within the past 12 months we issued 149 Australian legal tender proprietary collector coins, either as individual pieces or in sets. A further 74 commemorative coins were released under authority of the Government of Tuvalu. In total there were full mintage sell-outs in 22 coin programs.

The factory equipment modernisation program, commenced a number of years ago, continued with a focus on manufacturing quality and efficiency. Coupled with this, the continuous upskilling and development of our people remained an area of emphasis throughout the year.

As expected, the ISO 9001.2001 quality certification and AS/NZS 4801.2001 accreditation for health and safety were both maintained at our minting facility.

Precious Metal Coin Blanks

Approximately 8.93 million precious metal coin blanks were produced during the year, in line with market demand. We manufacture coin blanks for our own coining production requirements and for other mints both domestically and internationally.

Perth Mint Shop and Exhibition

Our reputation as a premier Western Australian tourist destination was reinforced in 2017/18 with visitor numbers growing by 9% to 74,000. In addition, many visited our prestige jewellery and giftware rooms, which retail a wide range of premium products, including pink diamonds, South Sea pearls and Australian opals.

Retail sales of jewellery, natural nuggets and numismatic products exceeded expectations, with prominent sales including extremely limited release Jewelled Phoenix coins and Pink Panther ingots. Loose pink diamonds and jewellery featuring pink diamonds proved popular with Australian and international visitors alike, driven by the prospective closure in 2020 of Western Australia's Argyle diamond mine, the world's largest producer of rare pink diamonds.

We participated in the Australian Tourism Exchange in Adelaide during April and were represented at inbound tourism events in the US, the UK, China, Japan, Singapore, Malaysia and Europe. In addition we partnered with the Gold Industry Group in launching the Heart of Gold interactive gold trail in Perth during October. We are the final destination on the 12-stop discovery journey which traces the importance of gold in the development of Western Australia. Significant progress was also made in developing the first full day tour involving our historic East Perth site, the Mine to Mint Day Tour, in collaboration with the Newmont Boddington Gold Mine and Go West Tours. We hosted the tour's official launch in July 2018.

To engage our younger visitors and educate them about gold and the Mint, a 10-part interactive kids' quiz was developed, including translations into Mandarin and Japanese, with a commemorative medal presented on completion. We also partnered with the Holiday Inn as a participant in the hotel's Very Important Kids Program. A 26-page Perth Mint Souvenir Guide was developed for sale in the Shop and this will also be distributed on the Mine to Mint tour.

Foreign language headsets were introduced during the year to offer full translations of our tours in Mandarin and Japanese. To support the successful ANZAC Spirit 100th Anniversary Coin Series, engage with the community and notify that we were open on ANZAC Day for the first time, we created a Poppy Wall of Remembrance which was installed at the gatehouse. This initiative was well received by visitors, who were encouraged to place a poppy on the wall, and it generated positive local media coverage.

To enhance our visitor experience, a concierge was appointed in April to meet and greet visitors at the gatehouse, provide directions and answer queries.

Perth Mint Depository

Established in 1994, The Perth Mint Depository enables clients to invest in precious metals without the need to take physical delivery. Today the Depository services almost 34,000 clients from more than 130 countries and stores approximately $2.97 billion worth of client metal. Clients benefit from participating in the world's safest suite of precious metals depository programs, all of which are guaranteed by the Government of Western Australia.

Account opening activity remained steady for most of the year, despite consistently lacklustre market conditions. The exploration of new markets in the Middle East, Central and Eastern Europe and other regions has proven fruitful. These efforts have increased interest in and awareness of our product offerings while allowing us to identify several new distributor channels. Strategic development of these regions will continue in the coming year, supported by product development. Promotional campaigns will target financial institutions across new and existing markets.

Capital Works and Capacity Enhancement Programs

The ongoing capital expenditure program continued over the period. The program included replacement of assets beyond their useful life; investments in new technology, productivity and increased capacity; as well as carefully targeted spending on enhanced safety and environmental management.

Capital expenditure over the year amounted to $10.32 million, with all financing coming from internal resources. Gold Corporation is entirely self-supporting and does not receive any funding from the State Government nor does it have any cash borrowings.

Closing Comments

Precious metals remain the ultimate refuge for portfolio diversification in an increasingly turbulent and uncertain world. Notwithstanding the international economic environment in which we currently find ourselves, the longer term outlook, when formed against unresolved sovereign and corporate debt issues and the excessive fiscal stimuli of the past seven years, is still biased towards the upside.

Changes made to the organisational structure, coupled with the ongoing renewal of our culture and values, continued to pay dividends. We have an especially dedicated team of employees who are a mix of long serving members and new appointments. The businesses are specialised and many skills required are rare or unique. I would like to thank all members of the team for their tremendous efforts during the year, especially when faced with difficult trading conditions and uncertainty. Employees met the many changes and challenges with dedication, resilience, determination and adaptability. I would especially like to thank those who challenged conventional thinking and not only came up with innovative solutions, but made them work. Of particular importance to both myself and my fellow Directors are the issues of Workplace Safety and Environmental Protection.

Our excellent record in both comes as a result of training, dedication and continuous attention to detail. My thanks go to the Executive and Leadership teams for their dedication and guidance.

I would also like to acknowledge and thank our Chairman, Don Mackay-Coghill, for his unstinting support and guidance over the past 12 months, and the Directors who generously gave of their time in a year of continuing change and renewal.

Our future remains a bright one and I look forward to it with anticipation and enthusiasm. I remain more than confident that we will continue to consolidate and build on our successes.

Richard G Hayes
Chief Executive Officer

Our future remains a bright one and I look forward to it with anticipation and enthusiasm.

Our Directors

Don Mackay-Coghill

Don Mackay-Coghill emigrated from South Africa in 1986 to take up the dual positions of Chief Executive Officer of GoldCorp Australia and Managing Director of the Western Australian Mint. Previously, Don had a 15-year career with International Gold Corporation (Intergold), being appointed Chief Executive, Worldwide, in 1979. Whilst at Intergold, Don was responsible for the introduction of the highly successful Krugerrand to world markets, which created the first global market for bullion coins.

Don retired as the inaugural Chief Executive Officer of Gold Corporation on 30 June 2003 after leading the Corporation for 17 years. He held the position of Non-Executive Director of Gold Corporation from 1 July 2003 until 30 June 2009. During this period he was Chairman of AGR Matthey, a joint venture between Western Australian Mint, Johnson Matthey Australia and Newmont. Don was also a Director of the World Gold Council, based in London.

As CEO of Gold Corporation and Joint Chief Executive Officer of the Sydney 2000 Olympic Coin Program, Don planned and managed the Sydney program, which has become the benchmark for all subsequent Olympic coin programs.

In recognition of his achievements, Don received: the South African Marketing Award of the Year in 1978; the Vreneli-Preis Award for his contribution to Numismatics in 2001; the Australian Institute of Export's Australian Export Hero Award in 2007; the Juan Antonio Samaranch Medal for his contribution to Olympic coin collecting in 2012; and the inaugural Gold Industry Hall of Fame Award at the Precious Metals Investment Symposium in 2016.

On 1 July 2015, Don was appointed Chairman of Gold Corporation.

Peter Unsworth

B Comm, FAICD

Peter Unsworth was appointed to the Board of Gold Corporation on 7 September 2015. He is a former Chartered Accountant and corporate finance specialist with extensive experience as a public and private Company Director. Peter has served on the Board of Gold Corporation, initially as a Director and then as Chairman, from 1996 to 2008. Peter has been a Director of several companies involved in venture capital, property development, office products distribution, mining, granite and marble processing, mineral exploration, and oil and gas exploration.

Peter's career has included senior management positions with an international accounting firm in both Perth and Sydney, and he was Chief Executive for several years with The Stock Exchange of Perth Limited, and Director of Corporate Finance with a large stockbroking company. He was also appointed one of four Commissioners heading the 'Commission to Review Public Sector Finances' in 1993, reviewing and reporting on the finances and activities of the Western Australian Public Sector.

Gaye McMath

BComm, MBA, AMP HBS, FAICD, FCPA

Gaye McMath has extensive experience in mining, resources, infrastructure, energy, financial services, treasury, property and higher education. Her executive experience includes various senior executive finance and commercial roles over 23 years with BHP and she was the CFO/COO for more than 12 years at the University of Western Australia. Gaye has more than 20 years of board experience and is currently the Deputy Chair of Commissioners of the City of Perth, Deputy Chair of the Committee for Perth, Deputy Chair of Southern Ports Authority and a board member of the Chamber of Arts and Culture WA.

Chris Wharton AM

FAIM AICD

Chris Wharton is the former Chief Executive Officer of Seven West Media WA, retiring from full time work in April 2017. Chris was responsible for all Seven West Media assets in Western Australia, including *The West Australian*, *The Sunday Times*, West Regional Publications (21 mastheads), its online properties thewest.com.au and PerthNow, WA Publishers, Redwave Media (nine regional radio licences) and Channel Seven Perth. In 2011, as CEO of the publicly listed West Australian Newspapers (Holdings), Chris led the multi-billion acquisition of the Seven Media Group, which today is Seven West Media. His position prior to this was Managing Director of Channel Seven Perth Pty Ltd, a post he held for nine years.

He began his career as a journalist and worked in all areas of newspaper management in Sydney before being appointed Chief Executive Officer of Perth's Community Newspaper Group in 1995. In 2013 he became Chairman of Community Newspaper Group.

Chris is currently Chairman of Stealth Global Industries, a global supply and logistics company about to list on the Australian Stock Exchange, and Buzd, a data analytics company. His community and business involvement includes Board membership of the Telethon Trust from 2000- 2017 and the West Coast Eagles Football Club.

Chris is a member of the Australian Institute of Company Directors and the Australian Institute of Management. He was awarded an AM in the 2016 Queen's Birthday honours for services to the print and broadcast industries and for services to the community.

Liam Twigger

BEc Grad Dip Fin CPA

Liam Twigger was appointed to the Board of Gold Corporation in January 2016 and brings more than 30 years' experience in the fields of investment banking and corporate finance. He is currently the Managing Director of the corporate advisory and investment banking firm PCF Capital Group, providing strategic advice to the Australian mining sector regarding project divestments, finance and partnering.

For the past seven years, Liam has held the position of Chairman and Managing Director of the web-based mine broking business, MinesOnline.com. He is also Chairman of Football West Limited, the governing body for soccer in Western Australia, and is a member of the Board of Governors for St Mary's Anglican Girls' School.

John O'Connor

BSc (Hons) FCA, FAICD

John O'Connor was appointed to the Board of Gold Corporation in January 2016. He is a former partner of PricewaterhouseCoopers (PwC) where his career spanned 34 years, including 24 years as an audit partner.

John held the role of Managing Partner of PwC Perth, where he also led the assurance practice. He has extensive audit experience in the resources sector, both within Australia and globally.

In March 2013, John retired from PwC. He now holds a number of Non-Executive Director roles. He is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a Fellow of the Institute of Chartered Accountants in England and Wales, and a Fellow of the Institute of Company Directors.

Mark Puzey

FCA, FAICD, CGEIT

Mark Puzey spent 33 years with KPMG where his roles extended across internal and external audit, IT advisory (including cyber security, IT projects, e-commerce), risk management, governance, strategy and business transformation. He held Asia Pacific leadership roles in IT governance and natural resources, and was lead partner for the Woodside Energy Ltd and Western Power accounts.

He was appointed to the Gold Corporation Board in February 2018. Since retiring from the KPMG partnership his roles have included Non-Executive Director of Patersons Securities Ltd, Lattice Energy Ltd Audit & Risk Committee Chairman and Non-Executive Director, and Due Diligence Committee member for two potential ASX floats.

Mark is a Fellow of both the Australian Institute of Company Directors (FAICD) and Institute of Chartered Accountants Australia and New Zealand (FCA). He is certified in Governance of Enterprise IT. He is also a major supporter of the Arts community.

Kaylene Gulich

BCom, BSocSc (Hons), MLM, MBA

Kaylene Gulich was appointed to the Board of Gold Corporation in September 2017. She is the Executive Director of the Economic Business Unit in the Department of Treasury, a position she has held since July 2018. Kaylene is responsible for the provision of advice, systems and operations critical to the State's financial management, economic and revenue forecasts, revenue policies and Commonwealth-State financial relations, and supporting Government to achieve good regulatory practice and priority microeconomic reforms. Kaylene also leads the Commercial Advisory function within Treasury.

Since joining Treasury in 2002, Kaylene has worked across a number of business units in senior positions, and continues to represent Treasury, and the State in several cross-agency steering committees and boards.

Kaylene is a member of CPA Australia and has previously held a Director position on the Western Australian Treasury Corporation.

Richard Hayes

BComm, CPA, MBA, ACIS, GAICD

Richard Hayes was appointed as Chief Executive Officer of Gold Corporation on 1 July 2015. He had been Chief Financial Officer and Deputy CEO since joining the Corporation in March 2003. Richard was previously the Chief Operating Officer and an Executive Director of AGR Matthey from October 2002 to March 2003. Prior to that he was Director, Finance and Deputy Managing Director of AGR Joint Venture, from December 1998 to October 2002. Formerly he was Chief Financial Officer and Company Secretary of Golden West Refining Corporation Ltd, an ASX-listed company controlled by N M Rothschild & Sons Ltd. In December 1998 Golden West merged with Gold Corporation's refining and jewellery manufacturing business to become the AGR Joint Venture.

Richard emigrated from Zimbabwe to Australia in 1987 and held a number of management roles with Boral Ltd prior to joining Golden West.

Richard was appointed Chairman of the Gold Industry Group in 2015, a body established to give the gold industry a unified and stronger voice in promoting its significance to the Australian economy and community. He also actively contributes to the Western Australian community as a Director of disability service organisation Interchange Inc, is a member of the Board of Governors of Wesley College and a Director of the Whiteman Park Motor Museum. He also sits on the Membership Committee of the London Bullion Market Association.


METTLER TOLEDO
400.53

Our Business Activities and Capabilities

Our History

The Perth Mint was established in 1899 by Britain's Royal Mint. At that time, gold sovereigns and half sovereigns were used throughout the British Empire as everyday circulating coins and it was The Royal Mint's responsibility to supply them. Rather than shipping gold to London, minting sovereigns there and then distributing them back to Britain's colonies, The Royal Mint built a number of branch mints throughout the Empire in places where gold was found. The Perth Mint was one of these – built to refine gold mined in Western Australia and turn it into sovereigns.

When sovereigns were withdrawn from circulation in 1931, we turned our skills to the production of base metal coins, although we continued to refine gold. We remained under British ownership until 1970 when control passed to the Government of Western Australia.

Gold Corporation was created by the *Gold Corporation Act 1987* to take over the operations of The Perth Mint and launch Australia's Bullion Coin Program. The Australian Nugget bullion coin was launched in 1987 and was followed by many other successful bullion, numismatic and commemorative coin programs.

Our refining activities eventually outgrew the old premises in East Perth and a new refinery was built near Perth's international airport. This facility commenced operations in 1990. A number of factory extensions have been added since the millennium, expanding the minting and refining capacities to what they are today.

A multi-award winning exhibition and retail outlet, showcasing the story of gold and featuring a theatrical gold pour as its centrepiece, occupies the ground floor of the original Mint building.

A Global Leader in Precious Metals

We are now an internationally competitive precious metals refining, manufacturing, minting, marketing and storage business, structured as a vertically integrated enterprise operating across the precious metals value chain. Management responsibility is based on functional lines designed to provide a comprehensive and cohesive service to our many clients and customers around the world.

Credentials

Our reputation in the precious metals industry is built on a 119-year history of striving towards excellence. We are recognised worldwide for our innovation, superior technical abilities and craftsmanship as well as the quality of our precious metals products. As Western Australia's fifth largest exporter, we have clients in more than 130 countries.

Refining

Our refinery is one of a select group of gold refiners that has accreditation from five of the world's major gold exchanges:

- London Bullion Market Association (LBMA)
- Tokyo Commodity Exchange (TOCOM)
- New York Commodity Exchange (COMEX)
- Dubai Multi-Commodity Centre (DMCC)
- Shanghai Gold Exchange (SGE)

It is also Australia's only LBMA accredited gold and silver refiner.

Refining almost all of Australia's newly mined gold as well as gold from New Zealand, Papua New Guinea, Fiji, Solomon Islands, Thailand, Malaysia, Laos and the Philippines, we are one of the largest and most highly respected refiners worldwide.

We are committed to producing ethically responsible gold and silver and continue to maintain our conflict-free accreditation under the LBMA Responsible Gold, DMCC Responsible Gold and Responsible Business Alliance Conflict-Free Smelter Program.

The refinery holds ISO accreditation for safety and environmental management practices against the following national and international standards:

- ISO AS4801:2001 HSE (Health, Safety and Environment) Systems
- OHSAS 18001:2007 HSE Systems
- AS/NZS 14001:2004 Environmental Management Systems

As evidence of our continued commitment to ensuring that we refine only material sourced in compliance with the Organisation for Economic Development (OECD) guidelines for conflict-free minerals, during 2017/2018 we allocated further resources to responsible metals management. To maintain transparency an annual independent audit is conducted to ensure compliance with applicable legal requirements, as well as with broader societal obligations.

Cast Bullion Bars

Our refinery produces 400oz 99.5% gold and 1,000oz 99.99% silver London Good Delivery Bars, and has the capacity to convert all its gold and silver feed into value-added Good Delivery products. Also produced are one kilogram, 100g, 50oz, 20oz, 2.5oz and 1oz 99.99% gold bars, 1kg 99.5% gold bars, and 1kg, 100oz, and 10oz 99.99% silver bars.

These bars are promoted to a variety of target markets globally, either directly or via a network of intermediary organisations.

Bullion Coins

We are the inaugural producer of the Australian Bullion Coin Program, issued as legal tender under the Australian *Currency Act 1965*. The annual program comprises three series portraying iconic native fauna and a fourth series celebrating the animals of the Chinese lunar calendar:

- Australian Kangaroo 99.99% pure gold coin series
- Australian Kangaroo 99.99% pure silver coin series
- Australian Kookaburra 99.9% pure silver coin series
- Australian Koala 99.9% pure silver coin series
- Australian Kangaroo 99.95% pure platinum coin series
- Australian Lunar 99.99% pure gold and 99.99% pure silver coin series
- During this financial year we launched our first rectangle bullion coin.

Together with a range of gold and silver minted bars, our bullion coins are distributed through an international network of authorised distributors including financial institutions and coin dealers. Investors in Australia and most of Asia can also purchase bullion direct from us at www.perthmintbullion.com.

Numismatic Coins

We manufacture and internationally market gold, silver, platinum and base metal non-circulating legal tender coins for collectors. Distinguished from investment coins by their extremely limited mintages and a variety of high-quality numismatic treatments and finishes, the coins are issued as Australian legal tender, or released as legal tender of Tuvalu or the Cook Islands.

Designed in-house, the programs are heavily biased towards Australian themes such as native wildlife with a focus on the kangaroo, kookaburra, koala and wedge-tailed eagle. The programs also include imagery of iconic locations and historical events with a focus on the centenary of the ANZACs' involvement in World War I.

The Chinese lunar calendar themes have become an incredibly important part of our portfolio with strong exports into Asia as well as domestic sales.

Licensed products have been a focus as we look to attract new collectors into the coin market. Our *Star Trek* themed series has continued to generate interest among a different demographic and we have added other themes, such as Looney Tunes and the Pink Panther, this year.

Commemorative coins are issued in a variety of weights and sizes, as individual pieces and in sets. To add to their appeal, these coins are presented in unique packaging and accompanied by a Certificate of Authenticity, which provides information about the design theme, the official maximum mintage, the purity and the weight of the release.

Since the inception of Gold Corporation in 1987, almost 69 million bullion and numismatic coins have been minted and sold worldwide, adding value to 293 tonnes (9.42 million ounces) of gold and 3,682 tonnes (118.38 million ounces) of silver.

Coin Blanks

With our world-class facilities and technology, gold, silver and platinum coin blanks are produced in a variety of shapes, weights and sizes, both to our own specifications and those set by other mints. In addition to producing precious metal coin blanks for our consumption, we are a supplier of blanks to other leading mints around the world, both private and government owned.

Depository

For almost a quarter of a century, The Perth Mint Depository has offered the only government guaranteed storage and investment program in the world. Located in the safe geopolitical environment of Western Australia and operating the most extensive network of central bank grade vaults in the southern hemisphere, clients (currently numbering close to 34,000 from more than 130 countries) are able to purchase and store precious metals directly (online or by phone) or via one of our authorised distributors.

Hosting approximately 74,000 international, interstate and local visitors each year, we are one of the State's most treasured tourist destinations.

Perth Mint Depository provides unallocated, pool allocated and allocated storage options within a convenient account-based structure:

- Depository Online (PMDO) provides web-based access to precious metals with a low cost, live-priced 24/7 service. It is marketed directly by The Perth Mint and is also available through select distributors.
- Perth Mint Depository Program (PMDP) is available only through our website on a direct basis. PMDP is tailored towards larger investors, including self-managed superannuation funds, pension funds and other institutional funds.
- Perth Mint Certificate Program (PMCP) offers similar services to PMDP and is marketed through an international network of distributors. PMCP investors receive confirmation of their holdings via a certificate issued by The Perth Mint.
- Perth Mint Gold (ASX code PMGOLD) is listed on the AQUA platform of the Australian Securities Exchange and offers unallocated storage to investors who prefer to deal through their stockbroker.

Tourism

Housed in our beautiful late 19th century heritage building, the Shop and Exhibition demonstrate our commitment to sharing the fascinating story of Western Australian gold and the Mint's own rich history with the global community. Hosting approximately 74,000 international, interstate and local visitors each year, we are one of the State's most treasured tourist destinations.

Our Exhibition showcases a range of unique attractions including the Australian Kangaroo One Tonne Gold Coin which is the largest coin ever made and worth approximately $60 million, Australia's most spectacular display of natural gold nuggets and the chance to witness the amazing spectacle of a traditional gold pour.

Our elegantly appointed Shop offers a unique experience showcasing a wide variety of Australian gold, silver and platinum coins, natural gold nuggets, opals, pink diamonds, South Sea pearls, an exquisite range of jewellery and an exclusive range of gifts and souvenirs.

New Developments

A number of new initiatives are in the pipeline, designed to take ownership and storage of precious metals to new markets and wider demographics of customers. These include the launch of a gold backed Exchange Traded Fund, listed on the New York Stock Exchange. Investors will benefit from the underlying gold being guaranteed by the Western Australian government, something no other precious metal ETF is able to offer. Holdings in the ETF are also exchangeable for physical gold from a wide range of Perth Mint products.

Our Group Structure

Government of Western Australia

Holding Company: Gold Corporation

Subsidiaries: GoldCorp Australia; Western Australian Mint

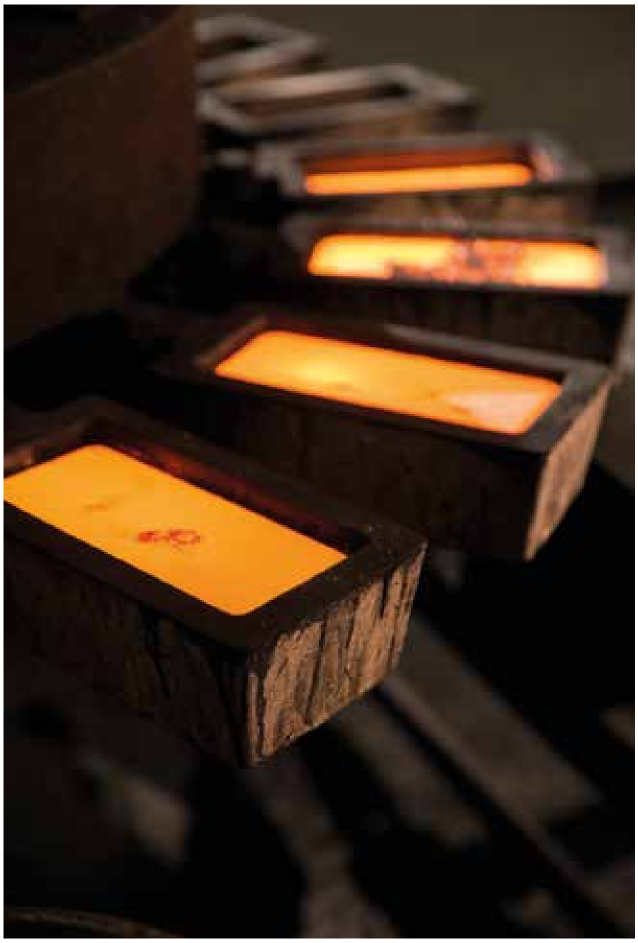
Trading Name: The Perth Mint

Activities

Retail Tourism Exhibition	Precious metal blank manufacture	Manufacturing and marketing of investment and numismatic coins, other minted items and related products	Gold and silver refining, manufacture and marketing of value-added bullion bars	Precious metal linked investment products	Treasury services

Executive Management

The Executive Management Team has responsibility for the day-to-day operations of the business. Specialists in their areas of responsibility, several have joined in recent years bringing fresh insights and approaches to what is a mature set of business operations.



Gold Corporation

Chief Executive Officer

R G Hayes

Treasurer and Deputy Chief Executive Officer

G J Metcalfe

Chief Financial Officer

C J Preuss

General Manager, Corporate Governance and Risk Company Secretary

D J Koch

General Manager, People and Culture

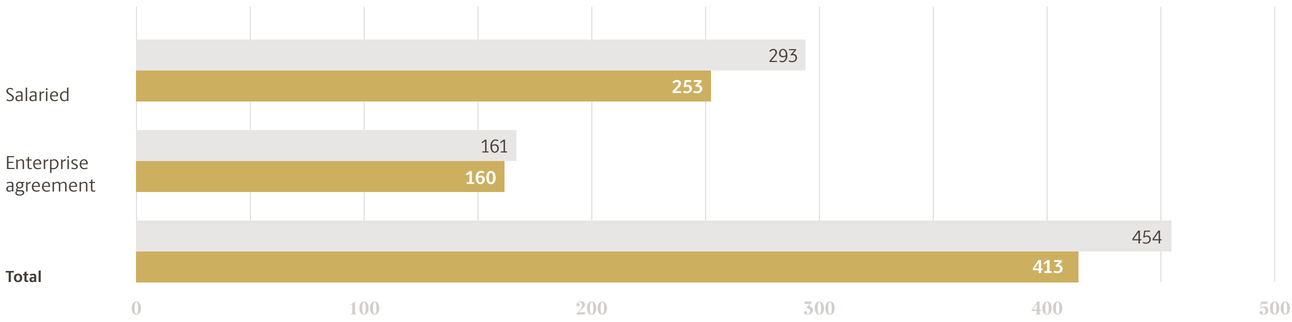
J E King

Our People

Our permanent staff headcount decreased from 454 to 413 over the year. There were significant staff reductions required in the coin manufacturing facility due to decreased demand and this was achieved by redundancies in a variety of roles in that area.

Gold Corporation employs both salaried and enterprise agreement employees, as follows:

Salary vs Enterprise Agreement



Gold Corporation employs both salaried and Enterprise Agreement employees as shown above

Women	42%	42%
Female Tier 2 Executives reporting to CEO	50%	40%
Female Tier 3 Managers reporting to Tier 2	33%	24%
Average Age	43	44
Employees <25 years old	6%	3%
Employees >45 years old	47%	48%
Employee initiated turnover	8%	7%

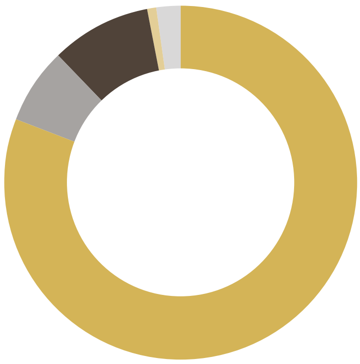
Employees demographics

An employee demographic snapshot is shown above.

- 30 June 2018
- 30 June 2017

Our staff hail from a wide range of national, cultural and ethnic backgrounds. Employees from culturally diverse backgrounds are defined as those born in countries other than Australia, Canada, New Zealand, South Africa, the United Kingdom and the United States. Of our 413 employees, 41% are classified as having culturally diverse backgrounds. This brings to our operations a wide variety of spoken languages from areas including Asia, Europe and the Americas. Our diversity reflects the many and varied markets in which we operate.

Staff from culturally diverse backgrounds



- 81% South East Asia
- 7% Africa
- 9% Europe
- 1% South America
- 2% Middle East

Occupational Health and Safety

Commitment

The Corporation's Health, Safety and Environment (HSE) systems aim to minimise risks to employees, customers, contractors, the public and the environment. These systems ensure that policies, procedures and work instructions are in place not only to comply with legislation and codes of practice, but to embrace best practice. Objectives and targets are set and performance against targets is monitored and reviewed on a regular basis.

We are firmly committed to providing a safe place of work for all our employees and contractors, ensuring they return home safely at the end of each day.

Safety and Environment Management Systems

The East Perth site achieved accreditation for its Safety Management System in 2009. The triennial recertification audit for our Safety Management System, namely AS/NZS 4801:2001, was undertaken by SAI Global in January 2018. Recertification was achieved.

The Refinery achieved international accreditation for its Safety Management System and Environmental Management System in 2010. The annual ISO surveillance audits for The Perth Mint Refinery's Safety Management System and Environmental Management System, namely AS/NZS ISO 14001:2004, were undertaken by Bureau Veritas in August 2017. No non-conformances were raised.

The Refinery is classified as a registered mine site and is regulated by the *Mines Safety and Inspection Act 1994*.

Four site inspections were undertaken by the Department of Mines, Industry Regulation and Safety. No improvement notices were issued.

Safety

There has been a reduction in lost-time injuries at the Refinery while the East Perth site has remained lost-time injury free. A total of five work days were lost due to injuries recorded at the refinery. At both sites there has been a significant improvement in the reporting of injuries and hazards. A number of safety initiatives were implemented across our operations to assist with improving safety performance.

We ensure compliance with the *Workers Compensation and Injury Management Act 1981*. Regardless of whether the injuries are work-related or non-work-related, we are committed to ensuring all injured employees return to work as soon as is practicable and medically appropriate. Return to work programs were developed for all employees sustaining an injury at work.

Environment

We understand our responsibility to the community and future generations to conduct our activities, as far as possible, in a manner which minimises our impact on the environment. We take part in sustainable environmental activities, such as recycling and upcycling programs at both sites. No significant environmental incidents were recorded.

The Refinery is regulated by the *Airports (Environmental Protection) Regulations 1997* and is subject to regular auditing by Perth Airport.

The Refinery conducts annual emission testing and the results from this stack emission monitoring program confirmed our operations were compliant with the requirements of the *Airports (Environmental Protection) Regulations 1997*. An annual report on refinery emissions was submitted to the National Pollutant Inventory. The Refinery adhered to all discharge conditions outlined in its Water Corporation Trade Waste Permit.

Health & Wellness

Throughout the year a number of health and wellness programs were offered to all employees. The initiatives included:

- Flu Vaccinations
- Mental Health Management
- Men's and Women's Health Seminars
- Financial Planning Information Sessions
- Health Expos

Consultation

The sites continuously consulted with employees in a process facilitated through regular toolbox meetings and monthly HSE committee meetings. The committees at both sites met 12 times during 2017/18. Employee OHS representatives contributed significantly at these meetings and were fully engaged in safety inspections and accident and injury investigations. Employees were encouraged to contribute to the annual HSE Strategy and Plan. Employee improvement suggestions were encouraged and people continued to participate in the site safety observation program.

Performance Against Targets

OHS ITEM	CITY		REFINERY		TARGET
Number of fatalities	0	0	0	0	0
Lost time injury / Disease incident rate (Note 1)	0	0	0.85 42.5% decrease	1.59 0.6% decrease	0 or 10% decrease
Lost Time Injury Severity Rate	0	0	0	0	0
Percentage of workers returned to work within: (i) 13 weeks (ii) 26 weeks	100% 100%	100% 100%	100% 100%	100% 100%	>80%
Percentage of managers and supervisors trained in occupational safety, health and injury management responsibilities	95%	94%	95%	100%	>80%

Note 1: The reduction is calculated over a three-year average.

FY 17/18
FY 16/17

Disability Access and Inclusion Plan 2014-2019

The Perth Mint is committed to the needs of people with disabilities and the Mint's Disability and Access Inclusion Plan includes the following provisions:

1	People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.
2	People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.
3	People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.
4	People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

Our Customers and Community

Customer Service and Customer Complaints

The Corporation recognises the importance of surpassing customer expectations. As a public statement of our commitment to service and complaints handling, our Complaints Policy and Customer Service practices embody the following elements:

- A documented and whole-of-organisation commitment to the efficient and fair resolution of complaints.
- Fairness to the complainant.
- Adequate resources with a high level of employee delegated authority.
- Speedy and courteous responses.
- No charges for the handling of complaints.
- A formal system to determine causes and implement remedies.
- Systematic recording of complaints and their outcomes.
- Regular reviews of the quality management and complaints review process.

The increasing use of blogs, discussion forums and social media platforms is providing unprecedented customer feedback. Whilst much feedback during the year was positive, negative comments and complaints provided opportunities to address issues which otherwise may not have been raised.

The majority of coin complaints received related to packaging damaged whilst in transit, with a small number of complaints regarding minor quality issues. Complaints in the Shop related to unavailability of coins, service and pricing in the café, admission prices, The Perth Mint website and customer identification requirements in the bullion room. These issues have been addressed in order to minimise the likelihood of recurrence.

	Orders Processed	Complaints Received
Coins	23,240	12
Depository	24,995	0
Shop & Exhibition	41,077	11
Refinery	14,644	0

Industry and Community Participation

As part of our functions under the *Gold Corporation Act 1987*, we are mandated to encourage interest in precious metals and to support the Australian gold industry.

We are involved in the local tourism industry and business community through memberships in the following organisations:

- Tourism Australia
- Tourism Western Australia
- Tourism Council of Western Australia
- Association of Perth Attractions
- Perth Regional Tourism Association (Experience Perth)
- Committee for Perth
- Gold Industry Group

As an active participant in the coin, banknote and stamp trade shows of the Australasian Numismatic Dealers' Association, we attended events held in Perth and Melbourne. In October 2017 The Perth Mint sponsored and attended the Gold Symposium in Melbourne. We also attended international events in Berlin, Beijing and Los Angeles. Representatives of the Mint also participated in the Australian Tourism Exchange in Adelaide in April.

Through our sponsorships and donations, we assisted a number of specific organisations and entities including the Perth Children's Hospital Foundation, the House With No Steps and the Telethon Kids Institute.

State Batteries

A number of state batteries (Government owned mineral processing facilities) were vested in the Western Australian Mint in the late 1980s. They are mostly in remote and unpopulated areas. Twenty-two of these sites have been classified as, 'Possibly Contaminated – Investigation required', in terms of the *Contaminated Sites Act 2003*.

Consultation with other agencies in government continues to take place so that responsibility for the sites can be transferred to another government agency or agencies better equipped to deal with these sites.


HOT

Gold Corporation

Gold Corporation was established by the *Gold Corporation Act 1987* and the Minister responsible for the Corporation is the Honourable Mark McGowan MLA BA, LLB, GradDipLegPrac; Premier; Minister for Public Sector Management; State Development, Jobs and Trade; Federal-State Relations.

Gold Corporation has no policy role in government, makes no laws or regulations except in relation to the conduct of its own affairs, and administers no schemes that confer benefits upon or place imposts on the public.

Section 6 of the Act empowers Gold Corporation's Board of Directors "*...to determine the policy of Gold Corporation, the Mint and GoldCorp in relation to any matter and to control the affairs of Gold Corporation and each of its subsidiaries...*".

Strong corporate governance is at the heart of the culture, business practices and ethics of Gold Corporation. Its governance practices form a framework to ensure that high standards of corporate behaviour are not only adhered to but engrained in the culture of the organisation.

Board of Directors

The Board of Directors is the governing body of Gold Corporation. The *Gold Corporation Act 1987* empowers the Board to determine policies for Gold Corporation and its subsidiaries and requires the Board to:

- Promote and develop markets for gold and gold products in Australia and elsewhere.
- Develop and expand Gold Corporation's business for the benefit and to the greatest advantage of the people of Australia.
- Operate in accordance with prudent commercial principles.
- Strive to earn a commercial rate of return on its capital.

The Board's authority is limited by the provisions in the Act and by Ministerial direction. The Board acknowledges its accountability to its only shareholder, the Government of Western Australia.

The Board is committed to sound corporate governance principles and high standards of legislative compliance, supported by commensurate financial, environmental, occupational safety and health, and ethical behaviour. The Board has serious regard to directorial and managerial conduct and reputation as an integral part of sound governance practices. In accordance with this, the Board has committed itself and Gold Corporation to comply, wherever applicable, with the spirit and letter of the Australian Institute of Company Directors Code of Conduct and Guidelines. Directors can seek independent professional advice on Board matters at Gold Corporation's expense, with the approval of the Chairman.

Key Activities

Supported by management, the Board approves the strategic direction of Gold Corporation. A Statement of Corporate Intent (SCI) covering the forthcoming 12-month period and a Strategic Development Plan (SDP) with a five-year timeframe are prepared on an annual basis. These documents together outline Gold Corporation's objectives, performance targets and strategic intent.

At its regular meetings, the Board has regard to the following areas by way of standing agenda items:

- Strategic issues and key operational matters.
- Operational performance and financial matters.
- Safety and environmental performance.
- Risk management and risk issues.

Membership

Directors are appointed by the Governor of Western Australia on the nomination of the Minister and approval by Cabinet. At year-end the Gold Corporation Board consisted of eight Non-Executive Directors and one Executive Director.

Director	Status	Expiry of Term
D Mackay-Coghill (Chairman)	Non-Executive	30 June 2018
K P Gulich	Non-Executive	Ex-Officio
G M McMath	Non-Executive	30 June 2016
J P O'Connor	Non-Executive	31 December 2018
L A Twigger	Non-Executive	31 December 2018
P J Unsworth	Non-Executive	6 September 2018
C S Wharton	Non-Executive	30 June 2016
M R Puzey	Non-Executive	31 January 2021
R G Hayes	Executive	30 June 2016

Those Directors whose terms have expired continue as Directors pursuant to Schedule 1 clause 1(3) of the *Gold Corporation Act 1987*.

Meeting Attendance

There were six formal meetings of the Directors of Gold Corporation during the year ended 30 June 2018 and a number of informal meetings. The number of formal meetings attended by each Director is indicated in the table below.

DIRECTORS' MEETING ATTENDANCE

	Attended	Eligible
D Mackay-Coghill	6	6
M A Barnes	1	1
K P Gulich	5	5
G M McMath	5	6
J P O'Connor	6	6
L A Twigger	6	6
C S Wharton	6	6
P J Unsworth	6	6
M R Puzey	3	3
R G Hayes	6	6

Board Committees

The Board has established five Committees, chaired by Independent Non-Executive Directors, to assist in the execution of its duties and responsibilities. These are the Audit and Risk Management Committee, the Remuneration and Allowances Committee, the Environment, Occupational Health and Safety Committee, the Treasury Committee and the One-Future Committee.

Each Committee member has only one vote and each resolution must be passed by unanimous agreement. In the event that agreement cannot be reached, the matter is referred to the Board for resolution.

Audit and Risk Management Committee

The Committee reviews the quality, integrity, reliability and adequacy of the Corporation's information, finance, accounting and control systems and the risk management function, and advises the Board accordingly. The Committee also acts as a communications interface between the Board and the Corporation's internal and external auditors.

Membership of the Committee at year-end comprised Gaye McMath (Chair), Kaylene Gulich and John O'Connor.

Attendees at meetings of the Committee were Caroline Preuss (Chief Financial Officer), David Koch (General Manager, Corporate Governance and Risk, and Company Secretary), James Sawyer (Group Financial Controller) and Guy Moore (Finance & Corporate Services Manager). Richard Hayes (CEO) was an invitee. Attendees and invitees do not have voting rights.

The Committee met six times during the financial year. Attendance of members at the meetings is indicated in the table below.

AUDIT AND RISK MANAGEMENT COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
G M McMath (Chair)	6	6
D Mackay-Coghill	2	2
J P O'Connor	5	6
K P Gulich	3	4

Remuneration and Allowances Committee

The Board of Directors delegates authority for determining conditions of employment to the Remuneration and Allowances Committee. The Committee's responsibilities include determining senior employee salary levels, alterations to core conditions of employment and incentive bonus schemes. In order to ensure the Corporation is able to attract and retain suitably qualified and experienced personnel in competition with private sector organisations, benchmarking is conducted against a backdrop of employment conditions in the wider economy.

Membership of the Committee at year-end comprised Don Mackay-Coghill (Chairman), Peter Unsworth and Richard Hayes.

The Committee met four times during the financial year. Attendance at the meetings is indicated in the table below.

REMUNERATION AND ALLOWANCES COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
D Mackay-Coghill (Chairman)	4	4
P J Unsworth	4	4
R G Hayes	4	4

Environment, Occupational Health and Safety Committee

The Environment, Occupational Health and Safety Committee was established in September 2015. The key objectives of the Committee are to:

- Ensure leading edge safety and environmental strategies are in place.
- Review health and safety and environmental performance.
- Ensure systems and procedures for ensuring compliance with The Perth Mint policy, legislative requirements and Australian Standards are in place.
- Review activities carrying potentially inappropriate levels of risk.
- Ensure management plans are in place to mitigate these risks.

Membership of the Committee at year end comprised Chris Wharton (Chair), Richard Hayes (CEO) and Jane King (General Manager, People and Culture).

Attendees at meetings of the Committee were Nathan Edwards (Operations Manager, Refinery), Chris Dimond (Operations Manager, Production), Clive Willis (Operations Manager, Engineering), Helen Nieuwenhuyze (HSE and Training Manager, Operations), Renae Taylor (Safety and Environment Coordinator, Refinery), Mwita ChaCha and Louie Naumoski (OHS Committee Chairpersons, Refinery and East Perth Operations).

The Committee met three times during the financial year. Attendance of members at the meetings is indicated in the table below.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
C S Wharton (Chair)	3	3
R G Hayes	2	3
D E Woodford	2	2
J King	1	1

TREASURY COMMITTEE

The Treasury Committee was formed in May 2016 to provide visibility to the Board on the activities of the Corporation's Treasury activities. The Committee consists of Liam Twigger (Chairman), Richard Hayes (CEO) and Joe Metcalfe (Treasurer and Deputy CEO).

The Committee met four times during the financial year. Attendance of members at the meetings is indicated in the table below.

TREASURY COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
L A Twigger (Chair)	4	4
R G Hayes	4	4
G J Metcalfe	4	4

One-Future Committee

The One-Future Committee was established in May 2016. The key objective of this Committee is to provide Board and Executive oversight of the program to build the foundation for further electronic commerce and replace critical information systems.

Membership of the Committee at year end comprised Mark Puzey (Chair), Richard Hayes (CEO), Joe Metcalfe (Treasurer and Deputy CEO), Caroline Preuss (CFO) and Marc Mason (Group Manager, Information Technology).

The Committee met six times during the financial year. Attendance of members at the meetings is included in the table below.

ONE-FUTURE COMMITTEE MEETING ATTENDANCE

	Attended	Eligible
M R Puzey (Chair)	2	2
L A Twigger (former Chair)	4	4
R G Hayes	5	6
G J Metcalfe	6	6
C J Preuss	6	6
M Mason	4	6

Management Committees

Executive Management Committee

The Executive Management Committee consists of the Senior Managers of Gold Corporation. The Committee meets weekly and is chaired by the CEO. Committee meetings provide a forum for senior managers to ensure the management team is abreast of key issues in their area and to discuss strategic business issues.

Other Committees

Executive management have previously formed two sub-committees – the Tax Risk Management Committee and the Information Technology Risk Committee. These Committees are populated by various management personnel and are designed to ensure adequate oversight is occurring in these two critical areas of the business.

Risk Management

The Board actively monitors Gold Corporation's risk management systems to ensure they are robust, fully integrated and aligned to its strategies, business undertakings and business processes. Regular monthly and quarterly reports are submitted to the Board on group financial risk, credit risk, internal control matters, occupational safety and health, and environmental issues.

Corruption Prevention

Fraud and corruption controls are an integral component of Gold Corporation's Risk Management program.

The organisation's policies and practices are reviewed regularly and are subject to internal and external audit programs. Employee awareness sessions, including new employee inductions, are conducted. Gold Corporation is obliged to report any suspected or actual breaches to the Public Sector Commission or to the Corruption and Crime Commission for serious misconduct matters.

Public Interest Disclosure

Gold Corporation is committed to the aims and objectives of the *Public Interest Disclosure Act 2003* (Whistleblower Protection). It recognises the value and importance of employee contributions to enhance administrative and management practices, and strongly supports disclosures being made by staff as to corrupt or other improper conduct.

All employees are made aware of the public interest disclosure process and information on the process. The appropriate forms are available on our intranet.

The Public Interest Disclosure Officers are David Koch and Marcus Strohmeier.

No claims were submitted during the 2017/18 period.

Public Sector Standards and Ethical Codes

Gold Corporation is required to comply with Section 31(1) of the *Public Sector Management Act 1994*.

We are committed to promoting high ethical standards which are incorporated into the organisation's policies and practices.

Employee awareness sessions of the organisation's Code of Conduct and Conflict of Interest policies are conducted.

During 2017/18, no issues relating to non-compliance with the public sector standards or the WA Code of Ethics were raised.

Records Management

Gold Corporation is obliged to report on its conduct, in compliance with the requirements of the *State Records Act 2000* and communicate this in the Annual Report.

We are committed to improving the effectiveness of our Records Management capabilities. To meet this goal, we engage all areas of the business in the requirements of a Record Keeping Plan (RKP).

The Gold Corporation RKP is a statutory requirement under the *Act*. It identifies the strategy, processes and tools that ensure business critical information is identified, secured and retained in compliance with legislation. The RKP was affirmed by the State Records Commission in March 2017 and is periodically reviewed. The RKP will be reassessed by the SRC in 2022.

In accordance with the RKP, all employees participate in training programs specific to their roles and work, which ensures compliance with records management requirements. Employees are trained in the use of records management policies, procedures and systems, and are provided with ongoing guidance and support in the management of business records.

Gold Corporation's Records Management processes are continuously monitored and developed to meet the needs of the business.

The Records Management function provides continuous assistance to the business to achieve the annual Quality Assurance 9001 audit standard for Document Control (DC). The QA DC process is controlled and coordinated through the corporate Electronic Document Records Management System (EDRMS) and has been significantly redesigned. Further improvements to the EDRMS through the introduction of scheduled workflows, and enhanced security and access controls, have been developed in line with the wider strategic goals of the Record Keeping Plan.

These and other initiatives have reduced the costs associated with record keeping, while increasing the effectiveness, compliance and security of our records keeping systems.

Freedom of Information (FOI) Statement

The following Information Statement has been prepared by Gold Corporation pursuant to Part 5 of the *Freedom of Information Act 1992 (WA)* and guidelines issued by the Office of the Information Commissioner on 13 May 1994.

Gold Corporation keeps documents and files relating to its administration and business activities. A number of these documents can be inspected only under the *Freedom of Information Act 1992 (WA)* (FOI).

Documents which can be obtained free of charge include The Perth Mint brochures and catalogues, media statements and annual reports.

FOI Exemption

A document is exempt if its disclosure would reveal information about:

- Gold or other precious metal received by Gold Corporation from a person, or held by Gold Corporation on behalf of a person, on current account, certificate of deposit or fixed deposit.
- A transaction relating to gold or other precious metal received or held by Gold Corporation.

FOI Procedures and Access

It is the aim of Gold Corporation to make information available promptly and at the least possible cost. Whenever possible, documents will be provided outside the FOI process.

If information is not routinely available, the *Freedom of Information Act 1992 (WA)* provides the rights enabling the public to apply for documents held by Gold Corporation.

Access applications have to (i) be in writing; (ii) provide sufficient information to enable identification of the requested documents; (iii) provide an Australian address to which notices can be sent; and (iv) be lodged at Gold Corporation, together with any application fee payable.

Applications will be acknowledged in writing and the applicant will be notified of the decision within 45 days.

Applicants who are dissatisfied with a decision of Gold Corporation may request an internal review.

Applications should be made in writing within 30 days of receiving the notice of decision. Applicants will be notified of the outcome of the review within 15 days.

No applications were lodged to Gold Corporation under FOI legislation in 2017/18.

FOI enquiries or applications should be made to the FOI Coordinator, Marcus Strohmeier, General Counsel, Gold Corporation, 310 Hay Street, East Perth, WA 6004, telephone +61 8 9421 7632, facsimile (08) 9221 7031, email marcus.strohmeier@perthmint.com

Corporate Directory

Registered Office

Street Address:

Perth Mint Buildings
310 Hay Street
East Perth, WA 6004
Australia
Tel: +61 8 9421 7222
Email: info@perthmint.com

Postal Address:
GPO Box M924
Perth, WA 6843
Australia

Website
www.perthmint.com

Minister

The Honourable Mark McGowan MLA BA, LLB, GradDipLegPrac

Premier; Minister for Public Sector Management;
State Development, Jobs and Trade; Federal-State Relations

Statute

Gold Corporation was established under the *Gold Corporation Act 1987*.

Directors

D Mackay-Coghill	Chairman
K P Gulich	Non-executive, Ex-Officio
G M McMath	Non-executive
J P O'Connor	Non-executive
L A Twigger	Non-executive
P J Unsworth	Non-executive
C S Wharton	Non-executive
M R Puzey	Non-executive
R G Hayes	Executive, CEO

Company Secretary

D J Koch

Group Directory

Gold Corporation

Head Office Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: +61 8 9421 7222

Postal Address: GPO Box M924, Perth, WA 6843, Australia

Email: info@perthmint.com

Website: www.perthmint.com

Contacts: Richard Hayes, Chief Executive Officer

Tanya Lawes, Executive Assistant to the Chief Executive Officer

Treasury

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: +61 8 9421 7614

Email: joe.metcalfe@perthmint.com

Contact: Joe Metcalfe, Treasurer and Deputy Chief Executive Officer

Refinery

Street Address: 131 Horrie Miller Drive,

Perth Airport, WA 6105, Australia

Tel: +61 8 9479 9999

Email: nathan.edwards@perthmint.com

Contact: Nathan Edwards, Operations Manager, Refinery

Perth Mint Depository

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: +61 8 9421 7250

Email: pmds@perthmint.com

Website: www.perthmint.com/storage

Contact: John Durham, Manager, Depository Services

The Perth Mint Shop

Street Address:
310 Hay Street, East Perth, WA 6004, Australia

Counter Sales

Tel: +61 8 9421 7376

Email: shop@perthmint.com

Exhibition

Tel: + 61 8 9421 7223

Email: reception@perthmint.com

Corporate Functions

Tel: + 61 8 9421 7433

Email: samantha.parke@perthmint.com

Contact: Alison Puchy, Group Manager, Perth Mint Shop and Exhibition

Minted Products

Australia

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: +61 8 9421 7614

Email: info@perthmint.com

Contacts: Neil Vance, Group Manager, Minted Products

CIS Countries and Eastern Europe

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: +61 8 9421 7222

Email: info@perthmint.com

Contact: Andrey Ignatchenko, CIS Wholesale Manager

Middle East

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: +61 8 9421 7222

Email: info@perthmint.com

Contact: Andrey Ignatchenko, CIS Wholesale Manager

North America

Street Address: 310 Hay Street, East Perth, WA 6004, Australia

Tel: + 61 8 9421 7225

Email: neil.vance@perthmint.com

Contact: Neil Vance, Group Manager, Minted Products

Overseas Independent Agents of GoldCorp Australia

Hong Kong and Taiwan

PMHK Ltd

Street Address: Room 1401, Jubilee Centre, 46 Gloucester Road,

Wanchai, Hong Kong

Tel: +852 2525 1130

Fax: +852 2810 6809

Email: dominicl@PMHK.com.hk

claral@PMHK.com.hk

Contact: Dominic Leung, Clara Leung

Japan

Street Address: E210, Kamiasao 4-19-3, Asao-ku Kawaski-shi

Kanagawa 215-0021, Japan

Tel: +81 80 5882 6905

Fax: +81 44 951 9510

Email: toshiharu.kato@nuggetcoins.com

Contact: Toshiharu Kato

Europe

Street Address: Hildesheimerstr. 29, D-38159 Vechelde, Germany

Tel: +49 5302 930 426

Mobile: +49 160 991 41935

Email: guenther.wolters@t-online.de

Contact: Günther Wolters

China

Street Address: Western Australian Trade Office – China,

Room 2204 CITIC Square, 1168 Nanjing Road West

Shanghai 200041 China

Tel: +86 21 5292 5899-28

Fax: +86 21 5292 5889

Email: perthmint@westernaustralia.cn

Contact: Rocky Lu, Business Development Manager

Financial Estimates

The following financial estimates for 2018/2019 are based on Gold Corporation's budget and are included to satisfy the requirements of the Treasurer's Instruction 953.

	$000
Total Revenue	20,044,359
Total Expenditure	20,030,791
Operating profit before income tax	13,568
Income tax expense	4,070
Operating profit after income tax	9,498
Dividend	6,323
Retained earnings	83,265

Section 175ZE of the *Electoral Act 1907 (WA)*

Section 175ZE of the *Electoral Act 1907 (WA)* requires a public agency to include a statement in its annual report detailing all expenditure incurred by or on behalf of the agency during the financial year in relation to advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2017/2018 was $1,536,418.
2. Expenditure was incurred in the following areas:

	$		$
Advertising agencies	1,133,856	Block Branding	6,485
		Marketforce	23,811
		Optimum Media Decisions	958,000
		Style Creative	62,794
		Unique Integrated Marketing	82,766
Market research organisations	35,260	Metrix	35,260
Polling organisations	-		–
Direct mail organisations	207,635	Buscher Direkt	18,441
		Fischer Druck	53,749
		Quickmail	74,413
		Style Creative	61,032

	$		$
Media advertising organisations	159,667	Airport Publications	2,340
		Amos Media	3,757
		APRS Media Publications	2,750
		Boylen Media	1,500
		Citrus Media	19,600
		Countrywide Publications	8,427
		Experience Perth	3,386
		Flying Visit	6,000
		Hardie Grant Media	2,500
		Hello Perth	9,045
		Jorben Luxury Hotel Guides	11,364
		Katrin Oswald	3,296
		K.K.Kojimachi Direction	18,789
		Lets Go Kids	2,640
		Mediaseed	5,000
		MostWA Media	1,200
		Paydirt Media	4,950
		The Perth Express	5,727
		Philapress Zeitschriften und Medien	2,982
		Premium Publishers	2,160
		Renniks Publication	1,364
		The Financial Planning Association	35,444
		Tourism Brochure Exchange	5,445

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GOLD CORPORATION

Report on the Financial Statements

Opinion
I have audited the financial statements of the Gold Corporation and its controlled entities (the Group) which comprise the Consolidated Statement of Financial Position as at 30 June 2018, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Group for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion
I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Board for the Financial Statements
The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Group.

Auditor's Responsibility for the Audit of the Financial Statements
As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion
I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Gold Corporation. The controls exercised by the Corporation are those policies and procedures established by the Board to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Gold Corporation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Board's Responsibilities
The Board is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities
As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Limitations of Controls
Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion
I have undertaken a reasonable assurance engagement on the key performance indicators of the Gold Corporation for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Gold Corporation are relevant and appropriate to assist users to assess the Corporation's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Board's Responsibility for the Key Performance Indicators
The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility
As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Group for the year ended 30 June 2018 included on the Corporation's website. The Corporation's management is responsible for the integrity of the Corporation's website. This audit does not provide assurance on the integrity of the Corporation's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 September 2018

Key Performance Indicators

Gold Corporation is a body corporate incorporated in terms of the *Gold Corporation Act 1987* (WA).

The purpose of Gold Corporation is to:

- develop, manufacture and market Australian legal tender investment coins and other products that promote the ownership of physical precious metal for investment purposes;
- design, manufacture and market proof, commemorative and numismatic coins and related products;
- make available investment products that enable investors to have exposure to the value of precious metals without having to deal with the security and other issues associated with the keeping of the physical metal;
- provide storage and safekeeping facilities for precious metals;
- be a major supplier of precious metal blanks to the mints of the world;
- operate a tourist attraction, based on the themes of gold and minting, that is important to Perth and Western Australia;
- supply refining and other services to the gold industry of Australia; and
- preserve the historical Mint building and artefacts that are part of the heritage of Perth and Australia.

The Corporation is required to operate in accordance with prudent commercial principles, to generate revenue sufficient to meet its expenditure and to derive a profit that represents a commercial rate of return on its capital.

Under the *Treasurer's Instructions 904 and 905*, a statutory authority is required to provide appropriate key performance indicators in its Annual Report, namely:

- relevant agency level government desired outcome(s);
- key effectiveness indicators which provide information on the extent of achievement of an agency level government desired outcome; and
- key efficiency indicators relating an outcome to the level of resource input required to deliver it.

Given the above *Treasurer's Instructions* and taking into account the Corporation's functions under the *Gold Corporation Act 1987*, its outcomes are:

1. *Maximisation of the Value-added to, and Income Derived from, Precious Metal Coins and Other Products and Services*

   The Australian Kangaroo and Lunar bullion gold coins and Kookaburra, Koala and Lunar silver coins are distributed worldwide. The Perth Mint's various proof, numismatic and commemorative coins made of gold, silver and platinum are added value precious metal products which are also distributed worldwide.

2. *Preservation and Promotion of The Perth Mint's Heritage Assets and History*

   The Perth Mint Exhibition includes gold pouring demonstrations, the historical information on the gold industry in Western Australia and a comprehensive range of investor and numismatic coins. It is an integral part of The Perth Mint's heritage and is a premier tourist destination.

The Relationship Between Government Goals and Gold Corporation's Performance

The Goal most aligned to Gold Corporation's business operations is:

Financial and economic responsibility

Responsibility managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector

		2013-14	2014-15	2015-16	2016-17	2017-18	Target
The key effectiveness indicators for outcome No. 1 are:							
1	Global market share of Australian gold bullion coins (Note 1)	12%	12%	7%	7%	8%	12%
2	Coins and bars – value-added to gold, silver and platinum (Note 2)						
	(a) Total premium income	$59.4m	$55.7m	$80.7m	$59.5m	$49.7m	$62.7m
	(b) Total premium income expressed as a percentage of precious metal value (Note 2)	5.5%	6.8%	6.5%	5.6%	6.3%	5.9%
3	Estimated proportion of Australian gold doré production refined by The Perth Mint (Note 3)	99%	99%	94%	91%	90%	91%
4	Return on equity (Note 4)	24.2%	16.4%	29.7%	18.4%	7.9%	18.6%
5	Dividends/income tax equivalent payable to the Western Australian Government (Note 5)	$31.8m	$23.3m	$15.6m	$31.0m	$16.2m	$22.2m
The key effectiveness indicators for outcome No. 2 are:							
6	a) Visitors to Perth Mint Exhibition (Note 6)	67,000	66,000	67,000	68,000	74,000	71,000
	b) Visitors' satisfaction level	99.9%	99.9%	99.4%	99.4%	99.7%	99.9%

Notes:

General: The Corporation has continued to fall short on a number of KPI measures due to the ongoing tough market conditions in the global bullion coin markets and precious metal markets more generally.

1. *The figures are based on Gold Fields Mineral Services data for the previous calendar year. Market share slightly improved from the previous years.*
2. *The calculation is the total premium income (amount of income received above metal cost) for all legal tender coins and bar sales, which is expressed as a percentage of the value of the precious metal value of the coins and bars. The key effectiveness indicator includes all Australian legal tender coins and bars, as well as coins produced for other countries.*
3. *This calculation is based on the refinery's records and an estimate of the total Australian gold doré production. While the total gold volume refined by the Corporation increased, a small proportion of Australian production volume continued to be refined by other refiners.*
4. *The percentages show Gold Corporation's return on equity for each respective financial year, based on ordinary activities before income tax. This performance measure is referred to in the Gold Corporation Act 1987. Return on equity is below target due to lower profitability largely driven by the ongoing tough market conditions being experienced in precious metal markets.*
5. *Income tax equivalent, calculated as if the Corporation were a public company, is payable to the WA Government on profit from ordinary activities. Dividends are payable annually as a percentage of after-tax profit. These payments are forecast annually in Gold Corporation's business plan, and included in the Financial Estimates in the Annual Report.*

6 (a). *Total number of visitors (to nearest thousand) to the Exhibition annually, based on recorded daily visitor traffic.*

(b). *Satisfaction levels are derived from surveys completed by visitors to The Perth Mint.*

Services

1 Precious Metal Products and Services

Gold Corporation provides refining, assaying and other services to the gold industry and markets the gold in ways which maximise value-added and which encourage demand for gold.

Demand for gold is encouraged by making it convenient to acquire and own gold; by means of bullion coins, gold bars and various Depository products. Depository products make it possible for gold to be owned without having to deal with the security and other issues associated with the keeping of the physical metal – the metal is held in safe storage on behalf of its owners.

Proof, numismatic and commemorative coins add significant value to precious metal as does the manufacture of precious metal coin blanks for other mints in the world.

2 Cultural Heritage Conservation

Gold Corporation continually upgrades The Perth Mint heritage building situated at 310 Hay Street. It also preserves historical artefacts and documents related to minting and the gold industry in Western Australia.

	2013-14	2014-15	2015-16	2016-17	2017-18	Target
The key efficiency indicators for service No. 1 are:						
1 Trading profit as a proportion of sales revenue (Note 1)	1.74%	1.15%	1.16%	0.57%	0.47%	0.59%
2 Staff costs as a proportion of trading profit (Note 2)	37.30%	44.87%	36.32%	35.87%	43.61%	35.87%
The key efficiency indicator for service No. 2 is:						
3 Average cost per Exhibition visitor expressed as an index (Note 3)	197	244	263	208	189	207

Notes:

1. *The percentages show the proportion of Gold Corporation's sales revenue represented by the trading profit for the respective financial year. The retrospective adoption of AASB15 from 2016-17 resulted in a substantial increase to revenue and cost of sales, which in turn resulted in a large decrease in trading profit as a proportion of sales revenue. 2017-18 is below target primarily due to lower trading profit attributable to ongoing tough market conditions in the global bullion coin markets and precious metal markets more generally.*
2. *Staff costs include employee benefits, on-costs and contract staff costs, expressed as a percentage of trading profit (gross margin). Staff costs are Gold Corporation's major expenditure, after the cost of precious metals. Staff costs as a proportion of trading profit for 2017-18 is above target due to the lower trading profit for the period as a result of the ongoing tough market conditions discussed in note 1 above, accompanied by higher than budgeted staff costs arising from a redundancy program undertaken late in the year.*
3. *Average cost per Exhibition visitor is derived by calculation of total costs of Exhibition divided by annual number of visitors expressed as an index, with the 2002/2003 year indexed as 100. The number of visitors increased in 2017-18, accompanied by a reduction in cost achieved as a result of ongoing cost control.*

Certification of Key Performance Indicators

In our opinion, the Key Performance Indicators for Gold Corporation and its subsidiaries contained in this report are based on proper records, are relevant and appropriate for assisting users to assess the performance of Gold Corporation and its subsidiaries, and fairly represent the performance of Gold Corporation and its subsidiaries for the reporting period ended 30 June 2018.

D MACKAY-COGHILL
Chairman

R G HAYES
Executive Director

13 September 2018

Certification of Financial Statements

The accompanying financial statements of Gold Corporation and its subsidiaries have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2018, and the financial position as at 30 June 2018.

At the date of signing, we are not aware of any circumstances which would render the particulars included in these financial statements misleading or inaccurate.

D MACKAY-COGHILL
Chairman

R G HAYES
Executive Director

C J PREUSS
Chief Financial Officer

13 September 2018

Gold Corporation

Trading as The Perth Mint

ABN 98 838 298 431

Financial Report - 30 June 2018

Gold Corporation
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Notes	2018 $'000	Restated 2017 $'000
Revenue from contracts with customers	4	**18,853,458**	**18,256,370**
Finance income		1,128	1,185
Revaluation increase in buildings	5	-	27
Other income		904	-
Expenses			
Cost of goods sold	6	(18,764,958)	(18,152,625)
Employee benefits expense	7	(38,536)	(37,215)
Materials and services		(28,784)	(30,350)
Depreciation and amortisation expense	6	(8,287)	(8,489)
Loss on disposal of assets		-	(40)
Finance costs		(3,976)	(3,518)
Revaluation decrease in buildings	5	(867)	(246)
Net foreign exchange losses		(29)	(648)
Profit before income tax expense		**10,053**	**24,451**
Income tax expense	8	(3,401)	(7,448)
Profit after income tax expense for the period attributable to the owner of Gold Corporation	**25**	**6,652**	**17,003**
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of land and buildings	13	544	274
Loss on revaluation of land and buildings	13	(1,240)	(420)
Changes in the fair value of cash flow hedges		389	(39)
Income tax on items of other comprehensive income	8	92	56
Total other comprehensive loss for the year		**(215)**	**(129)**
Total comprehensive income for the period attributable to the owners of Gold Corporation		**6,437**	**16,874**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

1

Gold Corporation
Consolidated statement of financial position
As at 30 June 2018

	Notes	2018 $'000	2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	41,056	47,953
Trade and other receivables	10	627,270	29,147
Inventories	11	3,348,875	3,646,022
Derivative assets		269	-
Other	12	4,286	3,037
Total current assets		**4,021,756**	**3,726,159**
Non-current assets			
Property, plant and equipment	13	93,221	97,427
Intangibles	14	18,187	10,696
Deferred tax assets	15	1,029	-
Total non-current assets		**112,437**	**108,123**
Total assets		**4,134,193**	**3,834,282**
LIABILITIES			
Current liabilities			
Trade and other payables	16	85,241	102,693
Borrowings - interest bearing	17	950,341	689,469
Derivative liabilities		30	-
Income tax payable		461	249
Employee benefits	18	4,570	4,866
Provisions	19	1,103	718
Precious metal borrowings	20	2,956,495	2,894,317
Total current liabilities		**3,998,241**	**3,692,312**
Non-current liabilities			
Deferred tax liabilities	15	-	193
Provisions	21	7,251	7,104
Employee benefits	22	467	453
Other non-current liabilities		1,596	1,265
Total non-current liabilities		**9,314**	**9,015**
Total liabilities		**4,007,555**	**3,701,327**
Net assets		**126,638**	**132,955**
EQUITY			
Issued capital	23	31,603	31,603
Reserves	24	16,724	16,939
Retained profits	25	78,311	84,413
Total equity		**126,638**	**132,955**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of changes in equity
For the year ended 30 June 2018

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Opening balance at 1 July 2016		**31,603**	**17,068**	**89,564**	**138,235**
Profit after income tax expense for the year		-	-	17,003	17,003
Other comprehensive loss for the year, net of tax		-	(129)	-	(129)
Total comprehensive income for the period		**-**	**(129)**	**17,003**	**16,874**
Transactions with owners in their capacity as owners:					
Dividends paid	26	-	-	(22,154)	(22,154)
Total transactions with owners		**-**	**-**	**(22,154)**	**(22,154)**
Closing balance at 30 June 2017		**31,603**	**16,939**	**84,413**	**132,955**

	Notes	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Opening balance at 1 July 2017		**31,603**	**16,939**	**84,413**	**132,955**
Profit after income tax expense for the year		-	-	6,652	6,652
Other comprehensive loss for the year, net of tax		-	(215)	-	(215)
Total comprehensive income for the period		**-**	**(215)**	**6,652**	**6,437**
Transactions with owners in their capacity as owners:					
Dividends paid	26	-	-	(12,754)	(12,754)
Total transactions with owners		**-**	**-**	**(12,754)**	**(12,754)**
Closing balance at 30 June 2018		**31,603**	**16,724**	**78,311**	**126,638**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gold Corporation
Consolidated statement of cash flows
For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		8,192,923	8,129,620
Payments to suppliers and employees (inclusive of goods and services tax)		(8,174,276)	(8,106,735)
		18,647	22,885
Interest and other finance income/revenue received		4,733	3,180
Interest and other finance costs paid		(3,791)	(3,355)
Net cash inflow from operating activities	**35**	**19,589**	**22,710**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,460)	(6,723)
Payments for intangibles		(4,864)	(6,120)
Proceeds from sale of investment property		-	1,787
Proceeds from sale of property, plant and equipment		-	35
Net cash (used in) / from investing activities		**(10,324)**	**(11,021)**
Cash flows to State Government			
Income tax equivalent paid		(3,408)	(8,865)
Dividend paid		(12,754)	(22,154)
Net cash to State Government		**(16,162)**	**(31,019)**
Net (decrease) in cash and cash equivalents		**(6,897)**	**(19,330)**
Cash and cash equivalents at the beginning of the financial year		47,953	67,283
Cash and cash equivalents at end of period	**9**	**41,056**	**47,953**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Gold Corporation
Notes to the consolidated financial statements
30 June 2018

Contents of the notes to the consolidated financial statements

Gold Corporation
Notes to the consolidated financial statements
30 June 2018
(continued)

1 General information

The financial report covers both Gold Corporation as an individual entity and the consolidated entity consisting of Gold Corporation and the entities it controlled during the year. The financial report is presented in Australian dollars, which is Gold Corporation and its subsidiaries' functional currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Gold Corporation and subsidiaries are corporations incorporated by the *Gold Corporation Act 1987* (WA) and domiciled in Australia. Its registered office and principal place of business is:

310 Hay Street
East Perth
Western Australia
Australia

The nature of the consolidated entity's operations is the supply of precious metal related products and services. Its principal activities are the refining of gold and silver, the production of value added cast bars, minted bars and Australian legal tender bullion coins, the supply of precious metal depository storage products, the supply of proof, numismatic and commemorative coins and the operation of a tourist attraction. Gold Corporation is classified as a "for-profit entity" by the Government of Western Australia.

The financial report was authorised for issue, in accordance with a resolution of directors, on 13 September 2018. The directors have the power to amend and reissue the financial report.

The *Financial Management Act 2006* (WA) and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

The Treasurer's Instructions may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector. If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effects are disclosed in individual notes to the financial report.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

2 Significant accounting policies (continued)

(a) New, revised or amending Accounting Standards and Interpretations adopted (continued)

(i) AASB 15 Revenue from Contracts with Customers

The consolidated entity early adopted AASB 15 Revenue from Contracts with Customers (AASB 15) on 1 July 2017. In order to early adopt AASB 15, the consolidated entity received an exemption from the prohibition to the early adoption of Accounting Standards outlined in Treasurer's Instruction 1101 Application of Australian Accounting Standards and Other Pronouncements from the Department of Treasury Western Australia.

The consolidated entity has elected to apply AASB 15 retrospectively to each prior reporting period presented in accordance with the transitional provisions contained in AASB 15.

Where the consolidated entity sells precious metal products, certain customers groups are provided the option to settle the transaction via one of two methods. These settlement methods are wholly in cash, or a through a combination of cash and unallocated metal account credits. The selection of settlement method is made unilaterally by the Customer.

Under the consolidated entity's previous accounting policy, in accordance with AASB 118 Revenue, no revenue (or corresponding cost of sale) was recognised for the fair value of unallocated metal account credits received in part consideration from a customer. The adoption of AASB 15 has resulted in the consolidated entity recognising revenue (along with a corresponding cost of sale) for the sale of physical goods to its customers at the total fair value of consideration received or receivable, regardless of whether the total transaction price is settled in cash or part in cash and part non-monetary consideration. The value of the non-monetary consideration is the fair value of the unallocated metal credits received or receivable in the contract with the customer. Because the corresponding change in the cost of sales is equal in value to the change in revenue, this change in accounting policy has no effect on reported profits of the consolidated entity.

The effect of the change in accounting policy outlined above is to increase both the Revenue and Cost of Goods Sold line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017. Further, certain transactions previously classified as income have been reclassified to Revenue. A reconciliation of the relevant 2017 financial year-end line items has been included as follows:

	30 June 2017 As Stated $'000	Transition Adjustment $'000	30 June 2017 Restated $'000
Revenue	8,103,905	10,152,465	18,256,370
Cost of goods sold	(8,019,161)	(10,133,464)	(18,152,625)
Fees and rents (other income)	17,007	(17,007)	-
Finance income	3,180	(1,995)	1,185
Profit after income tax expense for the period attributable to the owner of Gold Corporation	17,003	-	17,003

2 Significant accounting policies (continued)

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet mandatory, and have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, is set out below.

(i) AASB 9 Financial Instruments

The consolidated entity will adopt this standard from 1 July 2018. The consolidated entity has performed an assessment of the impact of this standard, and determined it will not be material.

(ii) AASB 16 Leases

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees - leases of “low-value” assets (for example: personal computers) and short-term leases (i.e. leases with a term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today’s accounting treatment and is not expected to have a material effect on the consolidated entity’s financial statements.

A lessee has to choose either a full or modified retrospective approach on transition to the new standard. The selected approach has to be applied to the entire lease portfolio. Under the full retrospective approach, comparatives for each period presented are restated. Under the modified retrospective approach, comparatives are not restated. Rather, the cumulative effect of initial application of the standard is recognised as an adjustment to the opening balance of equity.

The consolidated entity has performed an assessment as to the implications of initial application of AASB 16 on its financial statements. The consolidated entity will adopt the modified retrospective transition approach in respect to the adoption of AASB 16. This approach means the consolidated entity will not restate its comparative information and instead will recognise any cumulative effects of initially applying AASB 16 through an adjustment to the opening balance of retained earnings on 1 July 2019 on initial application.

2 Significant accounting policies (continued)

(b) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

(ii) AASB 16 Leases (continued)

Under AASB 117, the consolidated entity presently has no finance leases. All leases presently classified by the consolidated entity as an operating lease, applying AASB 117, will be initially recognised at the present value of the remaining lease payments. These remaining lease payments will be discounted using the consolidated entity's incremental borrowing rate at the date of initial application. The consolidated entity will recognise a corresponding right-of-use asset for each lease. All right-of-use assets will be recognised as if AASB 16 had been applied since the commencement date of each lease, but discounted using the consolidated entity's incremental borrowing rate on initial application.

The consolidated entity has determined the aggregate value that would be recognised as a lease liability on its closing 30 June 2018 consolidated statement of financial position, had AASB 16 been applied, would be $19,335,000. The corresponding right-of-use assets at 30 June 2018 would have a carrying value of $16,998,000. The consolidated entity held a provision for an operating lease with a fixed yearly escalation rate of $1,455,000 at 30 June 2018. Consequently, the consolidated entity would have recognised a reduction in retained earnings of $882,000.

(c) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, *Financial Management Act 2006* (WA) and the Treasurer's Instructions as appropriate for for-profit oriented entities.

(i) Compliance with IFRS

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention except for, where applicable, precious metal holdings & inventories, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the consolidated statement of profit or loss and other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(iii) Critical estimates & judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

(iv) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Rounding

Figures have been rounded to the nearest thousand dollars in accordance with *Treasurer's Instruction 948*.

Gold Corporation
Notes to the consolidated financial statements
30 June 2018
(continued)

2 Significant accounting policies (continued)

(d) Parent entity financial information

In accordance with the *Treasurer's Instruction 1105, Consolidated Financial Statements*, these financial statements present the results of the consolidated entity only.

(e) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of Gold Corporation ('company' or 'parent entity') as at 30 June 2018. Gold Corporation and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having a majority ownership interest.

The consolidated financial statements have been prepared by combining the financial statements of Gold Corporation and all controlled entities in accordance with *AASB 10 Consolidated Financial Statements* and modified by the *Treasurer's Instruction 1105*.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

(i) Sale of goods

Background

The consolidated entity is a fully integrated precious metals enterprise, providing premium gold, silver and platinum products and services to markets throughout the world. The consolidated entity acquires the raw materials for production predominantly from global mining companies in the form of unrefined gold and silver. Title to and all inventory risk arising from the ownership of these raw materials is borne by the consolidated entity and they are refined and further fabricated to produce a wide array of investment grade products within the consolidated entity's accredited refinery and manufacturing facilities. The precious metal goods sold by the consolidated entity include: large and small bullion bars, legal tender bullion coins, collectable coins and medallions.

2 Significant accounting policies (continued)

(f) Revenue recognition (continued)

(i) Sale of goods (continued)

Background (continued)

The consolidated entity sells its precious metal product range through bilateral arrangements with a globally diverse customer set. The consolidated entity's customer base is separate and distinct from its raw material supply base and the consolidated entity has formed the judgement that its customers do not operate in the same line of business.

The consolidated entity also operates a government guaranteed precious metals investment and storage program and through this provides pricing and custody services that allow investors to store their investments in the consolidated entity's secure vaulting facilities and take price exposure to precious metals.

The consolidated entity also sells a range of jewellery and giftware, along with operating a tourism experience.

Recognition

Revenues from the sale of physical precious metal products are recognised when control of the product has transferred to the customer. Precious metal transactions are generally executed with consideration and title to the metal being exchanged on the same date. This date is known as value (or settlement) date and generally also coincides with the date physical metal is delivered to the customer. Control in arrangements on such terms is deemed to have passed and therefore revenue recognised for the sale of precious metal goods on value date. Revenue is recognised for the sale of precious metal goods at a different point in time where;

- the consolidated entity's risk management policies require verification of receipt of funds prior to releasing/delivering the product to the customer and consequently physical possession and therefore acceptance by the customer of the asset, may occur at a different point in time. Revenue recognition is deferred in these circumstances until the product is delivered;
- a customer purchases inventory from a consignment location, in which case revenue is recognised when the customer accepts that inventory; or
- the consolidated entity is required to deliver product into its secure storage facilities under a custody arrangement, revenue is recognised when the consolidated entity has recorded the transfer of ownership of the stored asset to the customer.

Cash received in advance of satisfaction of the performance obligation is recognised as a contract liability (deferred revenue) and included within trade and other payables.

A receivable is recognised, or contract liability extinguished, when the goods are delivered and satisfy the applicable performance obligation. For transactions where the time between transfer of the promised goods or services to the customer and payment by the customer exceeds regular way settlement terms the customer is separately charged a funding cost. This financing income is charged separately to the customer and consequently no adjustment to the value recognised for the sale of goods is necessary. Any such finance income is recognised over time using the effective interest method.

2 Significant accounting policies (continued)

(f) Revenue recognition (continued)

(i) Sale of goods (continued)

Background (continued)

The consolidated entity sells its precious metal product range through bilateral arrangements with a globally diverse customer set. The consolidated entity's customer base is separate and distinct from its raw material supply base and the consolidated entity has formed the judgement that its customers do not operate in the same line of business.

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- the consolidated entity's risk management policies require verification of receipt of funds prior to releasing/delivering the product to the customer and consequently physical possession and therefore acceptance by the customer of the asset, may occur at a different point in time. Revenue recognition is deferred in these circumstances until the product is delivered;
- a customer purchases inventory from a consignment location, in which case revenue is recognised when the customer accepts that inventory; or
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A receivable is recognised, or contract liability extinguished, when the goods are delivered and satisfy the applicable performance obligation. For transactions where the time between transfer of the promised goods or services to the customer and payment by the customer exceeds regular way settlement terms the customer is separately charged a funding cost. This financing income is charged separately to the customer and consequently no adjustment to the value recognised for the sale of goods is necessary. Any such finance income is recognised over time using the effective interest method.

2 Significant accounting policies (continued)

(f) Revenue recognition (continued)

(i) Sale of goods (continued)

Recognition (continued)

When a customer contractually commits to buy precious metal products (trade date), but prior to the point in time when revenue is recognised for the sale of those products, the customer agrees to the transaction price and method of settlement. The consolidated entity has formed the judgement that it is a precious-metals broker-trader. As a broker-trader the consolidated entity recognises the change in precious metal value implicit in the customer contract between trade date and the date revenue is recognised. This change in value is recognised separately as a contract asset or liability with the corresponding gain/loss recognised within cost of sales. This gain or loss offsets the corresponding change in value of the underlying precious metal inventory to be sold between the same two dates. The consolidated entity applies this treatment equally to all assets, liabilities and contracts for the purchase or sale of precious metal across the consolidated entity, which ensures the economic effects of commodity price changes are transferred to or taken on by the consolidated entity from trade date consistently across the portfolio of precious metal assets and liabilities.

The consolidated entity undertakes a variety of transactions where unallocated precious metal credits are either received, transferred, issued or extinguished. Such transactions form a critical part of the consolidated entity's funding, liquidity, market price risk management practices and assist in the settlement and facilitation of other transactions involving the transfer of goods and services. The consolidated entity, with reference to the aforementioned factors and its business model, has formed the judgement that the transfer or issue of unallocated metal credits in return for cash or transactions to swap unallocated metal credits in one location for unallocated metal credits in another location are not transactions that involve the transfer of a good or service that is an output of the entity's ordinary activities. Consequently, these transactions do not give rise to the recognition of revenue, except for any fees that such transactions may generate in consideration for undertaking the transaction on behalf of a customer. Any such fees are recognised as part of revenue when the consolidated entity has fulfilled its obligation to facilitate the transaction.

Measurement

Revenue for the sale of physical precious metal products to the consolidated entity's customers is recognised at the amount of consideration to be received in exchange for transferring the promised goods to the customer (excluding any goods or services taxes, or other amounts, collected on behalf of third parties). The consolidated entity regularly receives a combination of monetary and non-cash consideration (unallocated metal credits) in settlement for satisfying a performance obligation. The settlement option is an election made by the customer at the time of entering into the transaction. Any non-cash consideration is measured at its fair value and is determined with reference to quoted market prices.

(ii) Services

Revenue derived from the provision of services is recognised in the accounting period in which the services are rendered at the amount of consideration received for performing that service.

2 Significant accounting policies (continued)

(g) Finance income

Finance income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(h) Foreign currency translation

Transactions denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the start of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency gains and losses are reported on a net basis.

(i) Financial instruments

(i) Derivative financial instruments

The consolidated entity may use derivative financial instruments to hedge its exposure to foreign exchange risks arising from operating, financing and investing activities. In accordance with its treasury policy, the consolidated entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the consolidated statement of profit or loss and comprehensive income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

(ii) Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the consolidated statement of profit or loss and other comprehensive income.

2 Significant accounting policies (continued)

(i) Financial instruments (continued)

(ii) Cash flow hedge (continued)

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the consolidated statement of profit or loss and other comprehensive income in the same period that the hedged item affects the consolidated statement of profit or loss and other comprehensive income.

(iii) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through the consolidated statement of profit or loss and other comprehensive income, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the consolidated entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the consolidated entity's contractual rights to the cash flows from the financial assets expire or if the consolidated entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the consolidated entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the consolidated entity's obligations specified in the contract expire or are discharged or cancelled.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(j) Income tax

Gold Corporation is subject to the National Tax Equivalent Regime (NTER), under the *State Enterprises (Commonwealth Tax Equivalents) Act 1996* (WA). The NTER is administered by the Australian Taxation Office (ATO) on behalf of the States. Under the NTER, the income tax equivalent revenue is remitted to the Treasurer of Western Australia, for credit of the Consolidated Fund. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government. As a consequence of participation in the NTER, Gold Corporation is required to comply with *AASB 112 Income Taxes*. Income tax on the consolidated statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year adjusted by changes in deferred tax assets and liabilities, using tax rates enacted at reporting date, and any adjustment to tax payable in respect of previous years.

2 Significant accounting policies (continued)

(j) Income tax (continued)

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or that tax asset and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Gold Corporation has formed a tax consolidated group with effect from 1 July 2002, and the consolidated entity is taxed as a single entity.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and other receivables

(i) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(ii) Receivables and advances to customers at fair value

Receivables and advances to customers at fair value are initially and subsequently recognised at fair value. Note 10 contains further information regarding the nature of receivables classified as receivables and other advances to customers at fair value.

2 Significant accounting policies (continued)

(l) Trade and other receivables (continued)

(iii) Other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

(m) Inventories

Precious metal inventories are valued at fair value, being market prices ruling at reporting date. Other inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is assigned on a first in first out basis except for retail inventories where a weighted average method is used. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(n) Property, plant and equipment

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, plus post valuation additions and less subsequent depreciation and impairment for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to consolidated statement of profit or loss and other comprehensive income.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Building	40 years
Plant & equipment	3-16 years
Office equipment	5 years
Motor vehicles	6 years
Leasehold buildings	20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

2 Significant accounting policies (continued)

(n) Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(i) Gains and losses

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the consolidated statement of profit or loss and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Capitalisation and expensing of assets

Items of property, plant and equipment costing $2,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $2,000 are expensed direct to the consolidated statement of profit or loss and other comprehensive income (other than where they form part of a group of similar items which are significant in total).

(o) Impairment of assets

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) Non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2 Significant accounting policies (continued)

(o) Impairment of assets (continued)

(ii) Non-financial assets (continued)

The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(p) Intangible assets

(i) Intangible assets acquired as part of a business combination

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(ii) Software

Certain internal and external costs directly incurred in acquiring and developing software are capitalised where it is expected future economic benefits will be generated from the specifically identifiable intangible asset and the costs can be reliably determined. Such intangible assets are amortised over their estimated useful life on a straight line basis, which for Computer Software currently in a location and condition capable of being operated in the manner intended by management is 3 years.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid, and customer deposits lodged in advance of allocation to future purchases. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest basis.

2 Significant accounting policies (continued)

(s) Provisions

(i) General

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(ii) Decommissioning liability

The consolidated entity records a provision for decommissioning costs of its facility for the refining of precious metals. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss and other comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

(t) Employee benefits

(i) Wages and salaries and annual leave

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period is considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as current liability as the consolidated entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Significant accounting policies (continued)

(t) Employee benefits (continued)

(ii) Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in the consolidated statement of profit or loss and other comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(u) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Dividends

Dividends are recognised when declared during the financial year.

(w) Precious metal borrowings

Precious metal borrowings, including unallocated precious metal owned by the consolidated entity's customers are brought to account at market prices ruling at reporting date.

(x) Operating Leases

Leases under which all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the consolidated statement of profit or loss and other comprehensive income in the periods in which they are incurred over the term of the lease, as this represents the pattern of benefits derived from the leased assets.

(y) Fair value measurement

The consolidated entity measures financial instruments, such as derivatives and non-financial assets (for example investment properties), at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are also disclosed in note 28.

Gold Corporation
Notes to the consolidated financial statements
30 June 2018
(continued)

2 Significant accounting policies (continued)

(y) Fair value measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the consolidated entity. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The consolidated entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For further details of the consolidated entity's valuation techniques refer to note 28.

(z) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Statement of financial position.

In 2017, the Corporation implemented the Reverse Charge regime. For applicable transactions involving precious metal, the GST was not paid to the supplier and was instead paid directly to the Australian Taxation Office.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

3 Critical estimates, judgements and errors

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may differ to the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(a) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(b) Revaluation of property, plant and equipment

The consolidated entity measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. Land and buildings are valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of the properties are provided in note 28.

(c) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, and technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(d) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(e) Long service leave provision

As discussed in note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3 Critical estimates, judgements and errors (continued)

(f) Provision for decommissioning

The consolidated entity has recognised a provision for decommissioning obligations associated with a refining facility. In determining the carrying amount of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the facility from the site and the expected timing of those costs.

4 Revenue

	2018 $'000	2017 $'000
Revenue from contracts with customers		
Sale of goods	18,812,100	18,213,147
Sale of services	37,746	41,228
Finance revenue	3,612	1,995
Total Revenue	**18,853,458**	**18,256,370**

5 Revaluation decrease

	2018 $'000	2017 $'000
Revaluation decrease in buildings (note 13(a))	(867)	(246)
Revaluation increase in buildings (note 13(a))	-	27
Revaluation decrease	**(867)**	**(219)**

6 Expenses

	2018 $'000	2017 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold buildings	1,192	1,167
Freehold buildings	743	765
Plant, property and equipment	5,641	5,894
Total depreciation	**7,576**	**7,826**
Amortisation		
Software	711	663
Total amortisation	**711**	**663**
Total depreciation and amortisation	**8,287**	**8,489**
Trading profit		
Sales	18,853,458	18,256,370
Total sales	**18,853,458**	**18,256,370**
Opening trading inventories	3,646,023	4,080,014
Purchases	18,467,810	17,718,634
Less closing trading inventories	(3,348,875)	(3,646,023)
Cost of goods sold	**18,764,958**	**18,152,625**
Trading profit	**88,500**	**103,745**

7 Employee benefits expense

	2018 $'000	2017 $'000
Wages and salaries (a)	32,502	31,278
Superannuation	3,108	3,137
Annual leave (b)	2,458	2,438
Long service leave (b)	468	362
Total employee benefits	**38,536**	**37,215**

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
(b) Includes a superannuation contribution component.

8 Income tax expense

	2018 $'000	2017 $'000
Income tax expense		
Current tax on profits for the year	3,627	8,017
Deferred tax - origination and reversal of temporary differences	(864)	(566)
Adjustments for current tax of prior periods	809	(545)
Adjustments for deferred tax of prior periods	(171)	542
Aggregate income tax expense	**3,401**	**7,448**
Decrease in deferred tax liabilities (note 15)	(1,035)	(24)

	2018 $'000	2017 $'000
Numerical reconciliation of income tax expense and tax at statutory rate		
Profit before income tax expense	10,053	24,451
Tax at the Australian tax rate of 30.0% (2017 - 30.0%)	3,016	7,335
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible items	18	97
Derecognition of deferred tax assets	-	19
Government grants exempted from tax	(271)	-
	2,763	7,451

8 Income tax expense (continued)

Numerical reconciliation of income tax expense to prima facie tax payable (continued)

	2018 $'000	2017 $'000
Adjustments recognised for current tax of prior periods	809	(545)
Adjustments recognised for deferred tax of prior periods	(171)	542
Income tax expense	**3,401**	**7,448**

Amounts charged/(credited) directly to equity		
Current tax liabilities	96	-
Deferred tax assets/liabilities (note 15)	(188)	(56)
	(92)	**(56)**

9 Current assets - cash and cash equivalents

	2018 $'000	2017 $'000
Cash on hand	32	39
Cash at bank	41,024	47,914
Total cash and cash equivalents	**41,056**	**47,953**

(a) Classification of cash and cash equivalents

The consolidated entity's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 27.

For the purposes of the consolidated statement of cash flows, cash includes cash on hand and at bank, short term deposits at call and commercial bills.

Gold Corporation
Notes to the consolidated financial statements
30 June 2018
(continued)

10 Current assets - trade and other receivables

	2018 $'000	2017 $'000
Trade receivables	17,279	26,008
Provision for impairment	(27)	(25)
	17,252	25,983
Receivables and advances to customers at fair value	607,142	-
Other receivables	2,876	3,164
Total trade and other receivables	**627,270**	**29,147**

Receivables and advances to customers at fair value contains amounts owing for metal delivered to and accepted by customers on deferred settlement terms. Within the settlement window the customer can choose when to fix the metal price and until this point in time the receivable or advance is therefore exposed to commodity price risk and measured at fair value. This commodity price risk is managed as outlined in note 27. The consolidated entity generally transfers the credit risk to third parties in such arrangements, except where Board approved credit limits that apply to certain customers are utilised from time to time. The consolidated entity earns finance revenue through providing these facilities to its customers.

(i) Impairment and risk exposure

The consolidated entity's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 27.

The consolidated entity trades only with recognised, creditworthy counterparties. The consolidated entity has policies in place to ensure that credit sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an on-going basis with the result that the consolidated entity's exposure to bad debts is minimal. There are no significant concentrations of credit risk. The consolidated entity does not have any significant exposure to any individual customer or counterparty.

(ii) Impairment of trade receivables

The ageing of the impaired trade receivables are as follows:

	2018 $'000	2017 $'000
Over 6 months overdue	27	25

10 Current assets - trade and other receivables (continued)

(ii) Impairment of trade receivables (continued)

Movements in the provision for impairment of trade receivables are as follows:

	2018 $'000	2017 $'000
Opening balance	25	97
Additional provisions recognised	50	-
Receivables written off during the year as uncollectible	(48)	(72)
Closing balance	**27**	**25**

Based on historical default rates, the consolidated entity believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

In 2018 $50,000 impairment was recognised in respect of trade receivables (2017: nil).

The allowance in respect of trade receivables is used to record impairment losses unless the consolidated entity is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly.

(iii) Past due but not impaired

Customers with balances past due but without provision for impairment of trade receivables amount to $815,000 as at 30 June 2018 (30 June 2017: $628,000).

The consolidated entity does not consider there to be a credit risk on the aggregate balances after reviewing credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired trade receivables are as follows:

	2018 $'000	2017 $'000
0 to 3 months overdue	704	583
3 to 6 months overdue	111	45
Total past due but not impaired	815	628

Gold Corporation
Notes to the consolidated financial statements
30 June 2018
(continued)

11 Current assets - inventories

	2018 $'000	2017 $'000
Precious metal - at fair value	3,335,875	3,633,494
Finished goods - at lower of cost and net realisable value	10,828	9,828
Work in progress - at cost	1,023	1,352
Consumables - at lower of cost and net realisable value	1,149	1,348
Total inventories	**3,348,875**	**3,646,022**

The fair value of precious metal inventories is determined with reference to actively traded market prices and does not involve the use of estimation techniques.

An expense of $796,000 was recognised in 2018 for inventories carried at net realisable value (2017: $400,000). This amount is recognised in cost of sales.

12 Current assets - other current assets

	2018 $'000	2017 $'000
Prepayments	4,286	3,037
Total other current assets	**4,286**	**3,037**

13 Non-current assets - property, plant and equipment

	2018 $'000	2017 $'000
Land - at independent valuation	13,800	14,500
Buildings - at independent valuation	45,719	44,997
Decommissioning asset	5,657	6,012
Plant and equipment - at cost	77,512	75,952
Less: accumulated depreciation	(49,467)	(44,034)
Total property, plant and equipment	**93,221**	**97,427**

13 Non-current assets - property, plant and equipment (continued)

(a) Valuations of land and buildings

The Board resolved to adopt Landgate's valuation of the Western Australian Mint's properties at 292, 300 and 310 Hay Street, East Perth and Horrie Miller Drive, Perth Airport. Some of these properties are heritage listed and are therefore subject to certain relevant restrictions. The land and buildings were revalued as at 1 July 2017 in accordance with Landgate's valuation as at that date. The fair value of all land and buildings was determined by reference to current use value for the land and depreciated replacement value for the buildings. The total revaluation which includes post valuation additions at cost, resulted in a decrease of $1,563,000 (land $700,000 and buildings $863,000).

Included in the total revaluation decrement in 2018 were building revaluation decrements amounting to $867,000 (2017: decrements amounting to $219,000) that were debited (2017: debited) to the consolidated statement of profit or loss and other comprehensive income to the extent that there were not amounts available in the corresponding revaluation reserve. The deferred tax of $209,000 (2017: $44,000) was recognised against the decrement of $696,000 (2017: decrement of $146,000). Net transfer to revaluation reserve thus amounts to $487,000 (2017: $102,000).

Information on fair value measurements is provided at note 28.

(b) Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out on the following page:

13 Non-current assets - property, plant and equipment (continued)

(b) Reconciliation (continued)

	Leasehold buildings $'000	Freehold Land $'000	Freehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2017						
Opening net book amount	23,058	14,500	30,609	28,821	2,490	99,478
Additions	-	-	-	-	7,430	7,430
Disposals	-	-	-	(23)	-	(23)
Revaluation surplus (through profit or loss)	3	-	24	-	-	27
Revaluation decrement (through profit or loss)	-	-	(246)	-	-	(246)
Revaluation surplus (through other comprehensive income)	274	-	-	-	-	274
Revaluation decrement (through other comprehensive income)	-	-	(420)	-	-	(420)
Remeasurement of decommissioning provision	(1,267)	-	-	-	-	(1,267)
Transfers	377	-	529	3,488	(4,394)	-
Depreciation charge	(1,167)	-	(765)	(5,894)	-	(7,826)
Balance at 30 June 2017	**21,278**	**14,500**	**29,731**	**26,392**	**5,526**	**97,427**

	Leasehold buildings $'000	Freehold land $'000	Freehold buildings $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Year ended 30 June 2018						
Opening net book amount	21,278	14,500	29,731	26,392	5,526	97,427
Additions	-	-	-	-	4,971	4,971
Revaluation decrement (through profit or loss)	(321)	-	(546)	-	-	(867)
Revaluation surplus (through other comprehensive income)	-	-	544	-	-	544
Revaluation decrement (through other comprehensive income)	(540)	(700)	-	-	-	(1,240)
Remeasurement of decommissioning provision	(38)	-	-	-	-	(38)
Transfers	3,088	-	115	5,122	(8,325)	-
Depreciation charge	(1,192)	-	(743)	(5,641)	-	(7,576)
Balance at 30 June 2018	**22,275**	**13,800**	**29,101**	**25,873**	**2,172**	**93,221**

14 Non-current assets - intangible assets

	2018 $'000	2017 $'000
Software - at cost	23,621	15,419
Less: accumulated amortisation	(5,434)	(4,723)
Total intangible assets	**18,187**	**10,696**

The consolidated entity held no goodwill or intangible assets with an indefinite useful life during the reporting period.

(i) Reconciliation

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Assets under construction $'000	Computer software $'000	Total $'000
Year ended 30 June 2017			
Opening net book amount	3,102	1,114	4,216
Additions	7,143	-	7,143
Transfers	(765)	765	-
Amortisation expense	-	(663)	(663)
Balance as at 30 June 2017	**9,480**	**1,216**	**10,696**
Year ended 30 June 2018			
Opening net book amount	9,480	1,216	10,696
Additions	8,202	-	8,202
Transfers	(29)	29	-
Amortisation expense	-	(711)	(711)
Balance as at 30 June 2018	**17,653**	**534**	**18,187**

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15 Non-current assets/(liabilities) - deferred tax

	2018 $'000	2017 $'000
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Deferred tax assets		
Impairment of receivables	8	8
Employee benefits	1,505	1,592
Inventories	1,569	1,290
Other payables	697	581
Decommissioning liability	2,175	2,131
Investment properties	4	12
Total deferred tax assets	5,958	5,614
Deferred tax liabilities		
Property, plant and equipment	3,212	3,985
Prepayments	7	18
Decommissioning asset	1,697	1,804
Other	13	-
Total deferred tax liabilities	4,929	5,807
Net deferred tax assets/(liabilities)	**1,029**	**(193)**
Deferred tax assets/(liabilities) expected to be settled within 12 months	1,029	(193)
Movements:		
Opening balance	(193)	(273)
Credited to profit or loss (note 8)	1,035	24
Credited to equity (note 8)	188	56
Closing balance	**1,029**	**(193)**

As at 30 June 2018, the consolidated entity has carried forward group capital losses of $249,000 (2017: $249,000) and transferred capital losses of $29,000 (2017: $29,000) that are available indefinitely for offsetting against future taxable profits of a capital nature. Deferred tax assets have not been recognised in respect of these losses because no capital gains are anticipated in the foreseeable future against which they could be used.

16 Current liabilities - trade and other payables

	2018 $'000	2017 $'000
Trade payables	73,185	93,105
Other payables and accrued expenses	12,056	9,588
Total trade and other payables	**85,241**	**102,693**

Refer to note 27 for further information on financial instruments.

17 Current liabilities - borrowings - interest bearing

	2018 $'000	2017 $'000
Precious metal borrowings - interest bearing	950,341	689,469

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by Government of Western Australia under subsection 22(1) of the *Gold Corporation Act 1987* (WA), with annual limits for gold, silver, platinum and palladium approved by the Treasurer.

18 Current liabilities - employee benefits

	2018 $'000	2017 $'000
Annual leave	2,206	2,170
Long service leave	2,062	2,380
Purchased leave	20	12
Employment on-costs	282	304
Total employee benefits	**4,570**	**4,866**

Annual leave liabilities and long service leave have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

19 Current liabilities - provisions

	2018 $'000	2017 $'000
Other Provisions (a)	371	-
Incentive Provisions (b)	732	718
Total provisions	**1,103**	**718**

(a) Movement in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Other provisions $'000
Year ended 30 June 2018	
Additional provisions recognised	371
Total	**371**

	2018 $'000	2017 $'000
Classification of provisions		
Current portion	1,103	718
Non-current portion*	140	224
	1,243	942

*The non-current portion of the incentive liability is included within other non-current liabilities.

(b) Incentive plan

Current provisions is primarily comprised of the consolidated entity's provisions in regards to employee incentive schemes.

19 Current liabilities - provisions (continued)

(b) Incentive plan (continued)

The consolidated entity's general incentive plan was approved by the Board in 2015 and is designed to motivate all staff to strive towards the consolidated entity achieving an acceptable return on equity. If the target for any year is exceeded, then a certain proportion of the amount by which the profit exceeds target is available for distribution to employees. All employees are eligible for payments under the terms of the scheme.

There are upper limits on payments to employees and an upper limit to the total amount which can be paid out. The total amount to be paid out in any year must be approved by the Board at its discretion and then all individual payments must be approved by the Remuneration and Allowances Committee.

In the 2018 financial year the consolidated entity did not exceed its profit target, so employees will not be eligible for incentive payments (2017: incentive payments of $nil).

A separate scheme was approved by the Board in 2014 that is limited to Treasury staff. The purpose of this plan is to assist in attracting, retaining and motivating employees involved in the Treasury Business by providing a variable incentive (in addition to a fixed remuneration component) based solely on net profit generated by the business above an agreed performance hurdle with no upper limit. To assist in retention, 50% of any variable incentive awarded under the plan is to be deferred one year and subject to the employee remaining employed by Gold Corporation at the time the payment is made.

20 Current liabilities - precious metal borrowings

	2018 $'000	2017 $'000
Precious metal borrowings - non-interest bearing	2,956,495	2,894,317

(a) Security for borrowings

Precious metal borrowings and customer owned precious metal are guaranteed by Government of Western Australia under subsection 22(1) of the *Gold Corporation Act 1987* (WA), with annual limits for gold, silver, platinum and palladium approved by the Treasurer. These balances do not attract interest.

21 Non-current liabilities - provisions

	2018 $'000	2017 $'000
Decommissioning provision	7,251	7,104

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

Year ended 30 June 2017	Decommissioning provision $'000	Total $'000
Opening balance	8,208	8,208
Unwinding of discount	163	163
Remeasurement	(1,267)	(1,267)
Balance as at 30 June 2017	**7,104**	**7,104**

	Decommissioning provision $'000	Total $'000
Year ended 30 June 2018		
Opening balance	7,104	7,104
Unwinding of discount	185	185
Remeasurement	(38)	(38)
Balance as at 30 June 2018	**7,251**	**7,251**

22 Non-current liabilities - employee benefits

	2018 $'000	2017 $'000
Long service leave	438	427
Employment on-costs	29	26
Total employee benefits	**467**	**453**

(a) Superannuation commitments

The consolidated entity contributes to a superannuation fund, the IOOF Employer Super, which is operated and administrated by IOOF Investment Management Limited.

All permanent employees of the consolidated entity are entitled to join the fund. Trustee, funds management and administration services are provided by IOOF Investment Management Ltd. The IOOF Employer Superannuation Fund provides benefits on retirement, total and permanent disability or death. The consolidated entity contributes to the fund at rates based on the salary of each member employee.

All the consolidated entity's employees can request that contributions be made to a fund of their own choice, rather than the IOOF Employee Superannuation Fund, in accordance with legislation.

Employees of the Western Australian Mint who made the election prior to December 1996 are entitled to contributory membership of the Western Australian Government Employees Superannuation Fund (Gold State Super). Such employees contribute to that Fund at specified percentages of their wages. The Western Australian Mint contributes to the Fund at rates set by Government Employee's Superannuation Board.

Western Australian Mint award employees who do not wish to, or who are ineligible to join Gold State Super are entitled to non-contributory membership of West State Super or Government Employee Superannuation Board (GESB), to which the Western Australian Mint contributes at the current rate required by superannuation legislation. Members also have the option of choice of fund and to make personal contributions.

23 Equity - issued capital

	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Fully paid	31,602,582	31,602,582	31,603	31,603

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends.

23 Equity - issued capital (continued)

(b) Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Board's policy is to maintain an adequate capital base so as to sustain the future development of the business. The Board of Directors monitors the return on capital, which the consolidated entity defines as net operating income divided by total shareholders' equity. The level of dividends payable is defined in accordance with government policy.

The consolidated entity's target was to achieve a return on equity of 18.6% before Income Tax equivalent. During the year ended 30 June 2018 the return was 7.9% (2017:18.4%).

Neither the consolidated entity nor any of its subsidiaries are subject to externally imposed capital requirements. The capital risk management policy remains materially unchanged from the 30 June 2017 Annual Report.

24 Equity - reserves

	2018 $'000	2017 $'000
Reserve - asset revaluation (a)	16,479	16,966
Cash flow hedges	245	(27)
	16,724	16,939

(a) Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

25 Equity - retained profits

	2018 $'000	2017 $'000
Retained profits at the beginning of the financial year	84,413	89,564
Profit after income tax expense for the year	6,652	17,003
Dividends paid (note 26)	(12,754)	(22,154)
Retained profits at the end of the financial year	**78,311**	**84,413**

26 Equity - dividend

	2018 $'000	2017 $'000
Government of Western Australia	12,754	22,154

In accordance with subsection 21(4) of the *Gold Corporation Act 1987* (WA), the Board recommended to the Treasurer that an amount of $4,989,000 (2017: $12,754,000) be payable as dividend for the financial year ended 30 June 2018. The dividend was declared and approved after the end of the financial year and therefore has not been provided for in the financial statements.

27 Financial risk management

(a) Financial risk management objectives

The consolidated entity has exposure to the following risks:

- market risk
- credit risk
- liquidity risk

This note presents information about the consolidated entity's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit & Risk Management Committee, which is responsible for reviewing and monitoring risk management policies and making recommendations to the Board of Directors in relation to changes that may be considered necessary from time to time. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The consolidated entity, through its training and risk management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The primary risk management document is the Prudential Management Policy which describes the risks the consolidated entity is exposed to, how those risks are to be managed and within what parameters exposure to risks can be taken.

27 Financial risk management (continued)

(a) Financial risk management objectives (continued)

The consolidated entity's Audit & Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures, and reviews the adequacy and effectiveness of the risk management framework in relation to the risks faced by the consolidated entity. The consolidated entity's Audit & Risk Management Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the consolidated entity's Audit & Risk Management Committee.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will affect the consolidated entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Prudential Management Policy determines what instruments can be used to manage market risk. These include spot deferred and forward transactions, options and currency swaps, all within pre-determined limits. The consolidated entity currently does not use hedging or derivatives to manage this risk other than for purchases of capital equipment.

(i) Currency risk

The consolidated entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the entities within the consolidated group, the Australian dollar.

In respect of other monetary assets and liabilities denominated in foreign currencies, the consolidated entity ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances. The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rates		Reporting date exchange rates	
	2018	**2017**	**2018**	**2017**
Australian dollars				
USD	0.7753	0.7545	0.7392	0.7682
EUR	0.6500	0.6919	0.6333	0.6714
JPY	85.5513	85.2537	81.9269	86.0067
GBP	0.5762	0.5951	0.5606	0.5906
CNH	5.0457	5.1383	4.8991	5.2161
NZD	1.0854	1.0587	1.0930	1.0500

27 Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
USD	37,578	65,217	(49,868)	(67,843)
EUR	7,824	5	(244)	(6)
JPY	3	5	-	-
CNH	4	4	-	-
NZD	117	-	(193)	-
GBP	39	9	(4)	-
	45,565	**65,240**	**(50,309)**	**(67,849)**

The consolidated entity is exposed to foreign currency risk on sales and purchases in currencies other than Australian dollars. The currency giving rise to this risk is primarily the US dollar. Foreign currency risk on future sales and purchases are generally not hedged, except for purchases of certain capital items. The consolidated entity may use forward exchange contracts to hedge such purchases.

A (strengthening)/weakening of the Australian dollar against other currencies at 30 June would have (increased)/decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2017.

	AUD strengthened			AUD weakened		
Year ended 30 June 2018	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**
USD	10%	20	-	10%	(24)	-
EUR	10%	22	(711)	10%	(27)	869
JPY	10%	-	-	10%	-	-
CNH	10%	-	-	10%	-	-
NZD	10%	7	-	10%	(9)	-
GBP	10%	(3)	-	10%	4	-
		46	**(711)**		**(56)**	**869**

27 Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

	AUD strengthened			AUD weakened		
Year ended 30 June 2017	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on other equity $'000**
USD	10%	239	-	10%	(292)	-
EUR	10%	-	-	10%	-	-
JPY	10%	-	-	10%	-	-
CNH	10%	-	-	10%	-	-
GBP	10%	-	-	10%	-	-
		239	**-**		**(292)**	**-**

(ii) Price risk

The consolidated entity is not exposed to any significant non-metal price risk. The risk of exposure to metal prices is discussed in part (b)(iii) of this note.

(iii) Metal price risk

The consolidated entity does not enter into commodity (precious metals) contracts other than to meet the consolidated entity's expected purchase and sale requirements, and then only on a back to back basis so as to eliminate the risk of movements in precious metal prices. The consolidated entity has a policy of minimising its long or short precious metal positions by matching precious metal leases and unallocated precious metal owing to the consolidated entity's customers with its working inventories. The net long or short position held at any time, and therefore exposed to metal price risk, is required to be within Board approved limits that minimises the exposure to potential adverse market movement and therefore loss.

27 Financial risk management (continued)

(b) Market risk (continued)

(iv) Interest and lease rate risk

	2018 Weighted average interest rate %	2018 Balance $'000	2017 Weighted average interest rate %	2017 Balance $'000
Variable rate - financial assets interest	1.0%	41,003	0.4%	47,860
Net exposure to cash flow interest/lease rate risk		**41,003**		**47,860**

The consolidated entity's exposure to interest and lease rate risk and the effective weighted average interest and lease rate for each class of financial assets and interest and lease rate bearing liabilities are set out above. No interest rate hedging has been entered into during the period.

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2017.

	Impact on pre-tax profit		Impact on other components of equity	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Interest rates - increase by 50 basis points (50 bps)	205	239	-	-
Interest rates - decrease by 50 basis points (50 bps)	(205)	(239)	-	-

(c) Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers, and investment securities. The consolidated entity's exposure to credit risk can occur through the provision of trade credit (both within Australia and internationally), the provision of consignment stock facilities and the provision of bullion trading and settlement facilities. The Prudential Management Policy determines the levels of credit exposure the consolidated entity can take to various categories of customers and counterparties.

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(continued)

27 Financial risk management (continued)

(c) Credit risk (continued)

(i) Guarantees

The consolidated entity does not provide financial guarantees.

(ii) Trade and other receivables

The consolidated entity's exposure to credit risk is influenced mainly by the individual financial characteristics of each customer. The demographics of the consolidated entity's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. No significant percentage of the consolidated entity's trade receivables are attributable to a single customer. Key geographical exposures to trade and other receivables are discussed further later in this note.

The Board of Directors has approved a credit policy under which each new customer is analysed individually for creditworthiness before the consolidated entity's standard payment and delivery terms and conditions are offered. The review includes external ratings, when available, and in some cases bank references. Credit and settlement limits are established for each customer, which represents the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed annually. Customers that fail to meet the consolidated entity's benchmark creditworthiness may transact with the consolidated entity only on a prepayment basis or against the provision of acceptable security such as letters of credit, bank guarantees and other forms of payment guarantees.

The majority of trade receivables customers have been transacting with the consolidated entity for a number of years, and losses have occurred rarely. The consolidated entity's trade receivables relate mainly to wholesale customers and customers that are graded as “high risk” are placed on a restricted customer list, whereby future sales are made on a prepayment basis.

Receivables and advances to customers at fair value contains amounts owing from customers who have been delivered and have accepted metal on deferred settlement terms, in accordance with the consolidated entity's Prudential Management Policies, all whom have settlement durations of less than one year from origination; and advance payments made to producers and other third parties for metal yet to be outturned by the consolidated entity. Of the $606,215,000 owing at balance date, approximately $500,000 was not covered by collateral.

The consolidated entity has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the group of similar assets in respect of losses that have been incurred but not yet identified.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the consolidated entity may have a secured claim. The consolidated entity may require collateral in respect of trade and other receivables.

27 Financial risk management (continued)

(c) Credit risk (continued)

(ii) Trade and other receivables (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2018 $'000	2017 $'000
Wholesale customers	17,279	26,008

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 $'000	2017 $'000
Trade and other receivables	627,270	29,147
Cash and cash equivalents	41,056	47,953
	668,326	**77,100**

Trade and other receivables includes receivables and advances to customers at fair value. The consolidated entity has established practices for managing its exposures to credit risk arising from counter-parties, which have been outlined in note 10.

(d) Liquidity risk

Prudent liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the consolidated statement of financial position.

27 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Remaining contractual maturities (continued)

At 30 June 2017	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Trade payables	(93,105)	-	-	-	(93,105)
Borrowings - interest bearing	(689,469)	-	-	-	(689,469)
Precious metal borrowings - non interest bearing	(2,894,317)	-	-	-	(2,894,317)
Total non-derivatives	**(3,676,891)**	**-**	**-**	**-**	**(3,676,891)**

At 30 June 2018	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Trade payables	(73,185)	-	-	-	(73,185)
Borrowings - interest bearing	(950,341)	-	-	-	(950,341)
Precious metal borrowings - non interest bearing	(2,956,495)	-	-	-	(2,956,495)
Total non-derivatives	**(3,980,021)**	**-**	**-**	**-**	**(3,980,021)**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

In the case of Precious metal borrowings - interest bearing the consolidated entity's contractual obligation is to return precious metal ounces (which are fungible) to the counterparty. The "lease rate" for borrowing those ounces is payable at maturity in cash.

Precious metal borrowings - non interest bearing are also, similarly to Borrowings - interest bearing, denominated in precious metal ounces and primarily relate to Perth Mint Depository customer ounces. Those ounces could be called on at demand and are therefore classified as current liabilities and "repayable" in the earliest time band disclosed. It is not expected that all of these ounces will be called in less than twelve months and depository holders may retain ounces in an account for many years.

28 Fair value measurement

The following tables detail the consolidated entity's fair values of assets and liabilities measured and recognised at their fair value categorised by the following levels:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land	-	-	14,500	14,500
Buildings	-	-	51,009	51,009
Precious metal inventory	3,633,494	-	-	3,633,494
Total assets	**3,633,494**	**-**	**65,509**	**3,699,003**
Liabilities				
Borrowings - interest bearing	689,469	-	-	689,469
Precious metal borrowings - non interest bearing	2,894,317	-	-	2,894,317
Total liabilities	**3,583,786**	**-**	**-**	**3,583,786**

28 Fair value measurement (continued)

At 30 June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Land	-	-	13,800	13,800
Buildings	-	-	51,376	51,376
Receivables and advances to customers at fair value	-	607,142	-	607,142
Precious metal inventory	3,335,875	-	-	3,335,875
Total assets	**3,335,875**	**607,142**	**65,176**	**4,008,193**
Liabilities				
Borrowings - interest bearing	950,341	-	-	950,341
Precious metal borrowings - non interest bearing	2,956,495	-	-	2,956,495
Total liabilities	**3,906,836**	**-**	**-**	**3,906,836**

There were no transfers between levels during the financial year.

The carrying values of financial assets and liabilities not included in the table above all approximate fair value.

28 Fair value measurement (continued)

(a) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 30 June 2018 and 30 June 2017:

	Land $'000	Buildings $'000	Total $'000
Opening balance 1 July 2016	**14,500**	**53,667**	**68,167**
Remeasurement of decommissioning provision	-	(1,267)	(1,267)
Transfers	-	906	906
Losses recognised in other comprehensive income	-	(146)	(146)
Depreciation expense	-	(1,932)	(1,932)
Losses recognised in profit or loss	-	(219)	(219)
Closing balance 30 June 2017	**14,500**	**51,009**	**65,509**
Opening balance 1 July 2017	**14,500**	**51,009**	**65,509**
Remeasurement of decommissioning provision	-	(38)	(38)
Transfers	-	3,203	3,203
Losses recognised in other comprehensive income	(700)	-	(700)
Depreciation expense	-	(1,935)	(1,935)
Losses recognised in profit or loss	-	(867)	(867)
Gains recognised in other comprehensive income	-	4	4
Closing balance 30 June 2018	**13,800**	**51,376**	**65,176**

28 Fair value measurement (continued)

(b) Significant level 3 inputs

Significant Level 3 inputs used by the consolidated entity are derived and evaluated as follows:

Historical cost per square metre floor area (m2)
The costs of constructing specialised buildings with similar utility are extracted from financial records of the consolidated entity, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset
These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with restricted utility
Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Historical cost per cubic metre (m3)
The costs of construction of infrastructure are extracted from financial records of the consolidated entity and indexed by movements in construction costs by quantity surveyors.

Description	Fair value at 30 June 2018 $'000	Unobservable inputs	Range of inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Land	13,800	Restricted use	$1,154/sqm	Higher value of similar land increases the estimated fair value.
Buildings	45,719	Depreciated replacement cost	2.5% - 5.0% per annum	Greater consumption of economic benefit or increased obsolescence lowers fair value.

(c) Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some assets, these assets are valued at level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements.

29 Key management personnel disclosures

Compensation

The aggregate compensation paid to directors and other members of key management personnel of the consolidated entity is set out below:

	2018 $	2017 $
Short-term employment benefits	2,381,907	2,875,816
Termination benefits	305,914	-
Superannuation	242,916	170,928
Other long-term employment benefits	64,644	-
Total employment benefits	**2,995,381**	**3,046,744**

Total fees received by non-executive directors were $441,000 (2017: $416,000).

The number of directors whose total of fees, salaries, superannuation and other benefits, received or due and receivable for the financial year, fell within the following bands are shown below:

	2018	2017
$0 - $10,000	2	1
$20,001 - $30,000	1	-
$60,001 - $70,000	5	5
$100,001 - $110,000	1	1
$550,001 - $560,000	1	-
$630,001 - $640,000	-	1
	10	**8**

29 Key management personnel disclosures (continued)

Compensation (continued)

The number of senior officers other than directors whose total of fees, salaries, superannuation and other benefits, received or due and receivable for the financial year, fell within the following bands, are shown below:

	2018	**2017**
$80,001 - $90,000	-	1
$230,001 - $240,000	-	1
$240,001 - $250,000	1	-
$280,001 - $290,000	2	-
$310,001 - $320,000	-	2
$480,001 - $490,000	-	1
$550,001 - $560,000	-	1
$580,001 - $590,000	1	-
$600,001 - $610,000	1	-
	5	**6**

30 Related party transactions

The consolidated entity is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the consolidated entity is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the consolidated entity include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

30 Related party transactions (continued)

(a) Significant transactions with government related entities

Significant transactions include:

- superannuation payments to GESB (Note 22); and
- remuneration for services provided by the Auditor General (Note 31).

(b) Material transactions with related parties

All other transactions (including general citizen type transactions) between the consolidated entity and Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities are not material for disclosure.

31 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the Office of the Auditor General, the auditor of the company:

	2018 $	2017 $
Office of the Auditor General		
Audit of financial statements and key performance indicators	286,000	198,000

32 Contingent liabilities

In prior years, ground water contamination occurred at the Newburn site of the AGR Matthey refinery. The AGR Joint Venture partners (Western Australian Mint and Australian Gold Alliance Pty Ltd) were responsible for any remediation and restoration of the site. Pursuant to the dissolution of the AGR Matthey Partnership on 29 March 2010, Western Australian Mint has assumed full responsibility for any future liabilities. Expenses incurred to date have been expensed in the financial statements. The Corporation is still assessing the estimated potential financial effects, if any, of remediation. Hence it is not possible to quantify these as at 30 June 2018.

Gold Corporation has a number of State Battery sites vested within its subsidiary the Western Australian Mint. The sites have been classified as “Possibly Contaminated Investigation Required” in accordance with the *Contaminated Sites Act 2003*. The ongoing maintenance of these sites has been undertaken by Gold Corporation with the expenditure being funded by other government agencies. Consultation with other agencies in Government is taking place so that the sites can be taken over by an agency or agencies in government better equipped to deal with these sites. It is not practicable to estimate the potential financial effects, if any, of the maintenance of these sites.

33 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2018 $'000	2017 $'000
Capital commitments - property, plant and equipment		
Within one year	4,784	8,320
Later than one year but not later than five years	1,906	1,500
Total capital commitments	**6,690**	**9,820**

33 Commitments (continued)

(b) Non-cancellable operating leases

Significant lease commitments at the end of the reporting period but not recognised as liabilities is as follows:

	2018 $'000	2017 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,327	1,473
Later than one year but not later than five years	5,621	5,630
Later than five years	22,446	23,919
Total commitments	**29,394**	**31,022**

The operating lease commitments are for leases of land, storage facilities, and equipment. The terms of these are various, with the maximum term being until May 2036. During 2018 $1,585,000 was recognised as an expense in the consolidated statement of profit or loss and other comprehensive income in respect of operating leases (2017: $1,570,000).

34 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Equity holding 2018 %	Equity holding 2017 %	Contribution to consolidated result 2018 $'000	Contribution to consolidated result 2017 $'000
Gold Corporation	Australia			13,458	17,348
Subsidiaries of Gold Corporation:					
GoldCorp Australia	Australia	100	100	-	622
Western Australian Mint	Australia	100	100	(6,806)	(967)
AGR Management Service Pty Ltd	Australia	100	100	-	-
				6,652	**17,003**

Gold Corporation
Notes to the consolidated financial statements
30 June 2018
(continued)

35 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	2018 $'000	2017 $'000
Profit after income tax expense for the year	6,652	17,003
Depreciation and amortisation	8,287	8,489
Provision for doubtful debts	50	-
Revaluation of land and buildings	867	219
Net (gain)/loss on disposal of property, plant and equipment (excluding cash costs)	-	(12)
Amounts credited to provisions for income tax equivalents	3,401	7,448
Unwinding of discount on provisions	185	163
Change in operating assets and liabilities:		
(Decrease)/increase in employee benefits	(281)	121
Decrease in precious metal holdings	13,526	517
(Increase)/decrease in inventories	(471)	2,098
(Increase)/decrease in prepayments	(1,249)	312
Decrease in receivables	8,969	1,838
Decrease in payables	(19,781)	(13,728)
Decrease in provisions	(70)	(2,254)
Decrease in income taxes payable	(911)	-
Increase in other non current liabilities	415	496
Net cash inflow from operating activities	**19,589**	**22,710**

36 Explanatory statement

Section 40 of the *Financial Management Act* requires statutory authorities to prepare annual budget estimates. *Treasurer's Instruction 945* requires an explanation of significant variations between these estimates and actual results. Gold Corporation prepares a Strategic Development Plan and Statement of Corporate Intent for submission to the Minister in accordance with section 9B of the *Gold Corporation Act 1987* (WA).

The consolidated entity's business plans for 2017/2018 projected an operating result before income tax equivalent of $25.79 million against an actual profit before income tax equivalent of $10.05 million. This was primarily driven by unexpectedly difficult market conditions for precious metals which has impacted all divisions of the consolidated entity.

36 Explanatory statement (continued)

Variations from previous year

Treasurer's Instruction 945 requires an explanatory statement providing reasons for and the detailing of any significant variations between actual revenue and expenditure for the financial year and the corresponding item in the financial statements of the immediately preceding year. The most significant variations over; (i) 10% of the balance and $5,000,000; or (ii) $10,000,000 were:

(i) Revenue from contracts with customers

Revenue of $18.85 billion in 2018 was 3.3% higher than the $18.26 billion revenue in 2017 due primarily to slightly increased precious metal volumes throughout the period.

(ii) Cost of sales

Cost of sales in 2018 of $18.76 billion was 3.4% increased from the $18.15 billion cost of sales in 2017, in line with the increase in revenue.

(iii) Trading profit

Trading profit decreased to $88.36 million in 2018, 14.8% below the trading profit of $103.75 million in 2017. This is primarily due to cyclical deterioration of the bullion coin market.